

**CITY OF FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2004**

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## City of Fort Dodge, Iowa

### Officials

| <u>Name</u>                     | <u>Title</u>           | <u>Term Expires</u> |
|---------------------------------|------------------------|---------------------|
| <b>(Before January 2004)</b>    |                        |                     |
| William Patterson               | Mayor                  | Dec 2005            |
| Tom Salvatore                   | Mayor Pro Tem          | Dec 2003            |
| Jane Burleson                   | Council Member         | Dec 2003            |
| James Gill                      | Council Member         | Resigned            |
| Doug Laird                      | Council Member         | Dec 2003            |
| Greg Nolting                    | Council Member         | Resigned            |
| Dan Payne (Elected March 03)    | Council Member         | Dec 2003            |
| Chad Winters (Elected March 03) | Council Member         | Dec 2003            |
| John Hale                       | Council Member         | Dec 2005            |
| Richard Nelson                  | Council Member         | Dec 2005            |
| <b>(After January 2004)</b>     |                        |                     |
| William Patterson               | Mayor                  | Dec 2005            |
| Tom Salvatore                   | Mayor Pro Tem          | Dec 2005            |
| John Hale                       | Council Member         | Dec 2005            |
| Richard Nelson                  | Council Member         | Dec 2005            |
| Curt Oleson                     | Council Member         | Dec 2005            |
| Dan Payne                       | Council Member         | Dec 2005            |
| Don Wilson                      | Council Member         | Dec 2005            |
| Jane Burleson                   | Council Member         | Dec 2007            |
| Penny Clayton                   | City Clerk             | Dec 2005            |
| Scott Hook                      | Deputy Clerk/Treasurer | Dec 2005            |
| Maurice Breen                   | City Attorney          | Dec 2005            |

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Fort Dodge's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented Airport Authority component unit, each major fund, and the aggregate remaining fund information of the City of Fort Dodge at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the financial statements of the discretely presented component units, other than the Airport Authority, were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements of the discretely presented component units, other than the Airport Authority, present fairly, in all material respects, the assets, liabilities, and net assets of the modified cash discretely presented component units and their receipts and disbursements for the year then ended on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated December 9, 2004 on our consideration of the City of Fort Dodge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 57 through 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Dodge's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003 (none of which is presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Information presented on Schedule 12 is also presented as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CORNWELL & CO., P.C  
CERTIFIED PUBLIC ACCOUNTANTS

December 9, 2004

## **Basic Financial Statements**

City of Fort Dodge, Iowa  
Statement of Net Assets  
June 30, 2004

|  | Primary Government |                                  |                   |
|--|--------------------|----------------------------------|-------------------|
|  | Governmental       | Business-                        |                   |
|  | <u>Activities</u>  | <u>Type</u><br><u>Activities</u> | <u>Total</u>      |
| <b>Assets</b>                                    |                    |                                  |                   |
| Cash and pooled investments                      | \$ 13,055,997      | 3,765,650                        | 16,821,647        |
| Receivables:                                     |                    |                                  |                   |
| Property tax:                                    |                    |                                  |                   |
| Delinquent                                       | 197,319            | -                                | 197,319           |
| Succeeding year                                  | 9,018,091          | -                                | 9,018,091         |
| Customer accounts                                | 29,236             | 466,607                          | 495,843           |
| Accounts   | 264,897            | -                                | 264,897           |
| Contracts  | 20,000             | -                                | 20,000            |
| Accrued interest                                 | 15,097             | 5,605                            | 20,702            |
| Due from other governments                       | 533,972            | -                                | 533,972           |
| Internal balances                                | 512,769            | (512,769)                        | -                 |
| Inventories                                      | 15,294             | -                                | 15,294            |
| Prepaid expenses                                 | 83,699             | -                                | 83,699            |
| Restricted assets:                               |                    |                                  |                   |
| Cash and pooled investments                      | -                  | 1,482,719                        | 1,482,719         |
| Capital assets (net of accumulated depreciation) | 16,129,070         | 9,462,818                        | 25,591,888        |
| Bond issuance costs                              | <u>22,057</u>      | <u>117,210</u>                   | <u>139,267</u>    |
| <b>Total assets</b>                              | <u>39,897,498</u>  | <u>14,787,840</u>                | <u>54,685,338</u> |
| <b>Liabilities</b>                               |                    |                                  |                   |
| Warrants issued in excess of cash balances       | -                  | -                                | -                 |
| Accounts payable                                 | 636,281            | 1,799,466                        | 2,435,747         |
| Salaries payable                                 | 195,605            | 47,609                           | 243,214           |
| Benefits payable                                 | 35,864             | 16,427                           | 52,291            |
| Interest payable                                 | 27,177             | 49,375                           | 76,552            |
| Deferred revenue:                                |                    |                                  |                   |
| Succeeding year property tax                     | 9,018,091          | -                                | 9,018,091         |
| Other  | 158,517            | -                                | 158,517           |
| Liabilities payable from restricted assets:      |                    |                                  |                   |
| Customer deposits                                | -                  | 158,881                          | 158,881           |
| Revenue bonds/notes payable                      | -                  | 1,030,330                        | 1,030,330         |



City of Fort Dodge, Iowa  
Statement of Net Assets  
June 30, 2004

|   | Primary Government   |                                  |                   |
|---|----------------------|----------------------------------|-------------------|
|   | Governmental         | Business-                        |                   |
|   | <u>Activities</u>    | <u>Type</u><br><u>Activities</u> | <u>Total</u>      |
| <b>Liabilities (continued)</b>                  |                      |                                  |                   |
| Long-term liabilities:                          |                      |                                  |                   |
| Portion due or payable within one year:         |                      |                                  |                   |
| General obligation bonds/notes                  | 1,275,000            | -                                | 1,275,000         |
| Revenue bonds/notes payable                     | 100,000              | -                                | 100,000           |
| Capital lease                                   | 12,765               | -                                | 12,765            |
| Notes payable                                   | 15,000               | -                                | 15,000            |
| Compensated absences                            | 751,437              | 76,069                           | 827,506           |
| Early retirement                                | 38,256               | 15,458                           | 53,714            |
| Portion due or payable after one year:          |                      |                                  |                   |
| General obligation bonds/notes                  | 6,165,000            | -                                | 6,165,000         |
| Revenue bonds/notes payable                     | 1,980,000            | 15,242,300                       | 17,222,300        |
| Capital lease                                   | 44,071               | -                                | 44,071            |
| Notes payable                                   | 45,000               | -                                | 45,000            |
| Compensated absences                            | 467,353              | -                                | 467,353           |
| Early retirement                                | 330,506              | 48,421                           | 378,927           |
| <b>Total liabilities</b>                        | <u>21,295,923</u>    | <u>18,484,336</u>                | <u>39,780,259</u> |
| <b>Net Assets</b>                               |                      |                                  |                   |
| Invested in capital assets, net of related debt | 6,446,791            | (6,809,812)                      | (363,021)         |
| Restricted for:                                 |                      |                                  |                   |
| Debt service                                    | 648,923              | -                                | 648,923           |
| Other purposes                                  | 5,997,463            | -                                | 5,997,463         |
| Revenue bond retirement                         | -                    | 667,150                          | 667,150           |
| Unrestricted                                    | 5,508,398            | 2,446,166                        | 7,954,564         |
| <b>Total net assets</b>                         | <u>\$ 18,601,575</u> | <u>(3,696,496)</u>               | <u>14,905,079</u> |

See notes to financial statements.

| Component Units              |                                      |                  |
|------------------------------|--------------------------------------|------------------|
| <u>Airport<br/>Authority</u> | <u>Other<br/>(Modified<br/>Cash)</u> | <u>Total</u>     |
| -                            | 3,546,762                            | 3,546,762        |
| 3,228                        | -                                    | 3,228            |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| 9,151                        | 223                                  | 9,374            |
| -                            | -                                    | -                |
| 386                          | -                                    | 386              |
| 145,552                      | -                                    | 145,552          |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| 1,187,692                    | -                                    | 1,187,692        |
| -                            | -                                    | -                |
| <u>1,346,009</u>             | <u>3,546,985</u>                     | <u>4,892,994</u> |
| 139,127                      | -                                    | 139,127          |
| 5,655                        | -                                    | 5,655            |
| -                            | 24                                   | 24               |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |
| -                            | -                                    | -                |

(continued)

| <u>Component Units</u>       |                                      |                         |
|------------------------------|--------------------------------------|-------------------------|
| <u>Airport<br/>Authority</u> | <u>Other<br/>(Modified<br/>Cash)</u> | <u>Total</u>            |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| -                            | -                                    | -                       |
| <u>144,782</u>               | <u>24</u>                            | <u>144,806</u>          |
| 1,187,692                    | -                                    | 1,187,692               |
| -                            | -                                    | -                       |
| -                            | 3,546,961                            | 3,546,961               |
| -                            | -                                    | -                       |
| <u>13,535</u>                | <u>-</u>                             | <u>13,535</u>           |
| <u><u>1,201,227</u></u>      | <u><u>3,546,961</u></u>              | <u><u>4,748,188</u></u> |

City of Fort Dodge, Iowa  
Statement of Activities  
Year ended June 30, 2004

| Functions/Programs:                                 | <u>Expenses</u>      | <u>Program Revenues</u>    |  |  |
|---|----------------------|----------------------------|--|--|
|   |                      | <u>Charges for Service</u> | <u>Operating Grants, Contributions and Restricted Interest</u> | <u>Capital Grants, Contributions and Restricted Interest</u> |
| <b>Primary Government:</b>                          |                      |                            |  |  |
| Governmental activities:                            |                      |                            |  |  |
| Public safety                                       | \$ 5,842,594         | 316,300                    | 100,893  | 43,242   |
| Public works  | 2,729,674            | 271,397                    | 2,191,469  | 3,738  |
| Health and social services                          | 635,244              | -                          | 486,272  | 36,726   |
| Culture and recreation                              | 2,432,833            | 725,314                    | 87,018   | 96,102   |
| Community and economic development                  | 2,086,192            | -                          | 360,039  | 182,947  |
| General government                                  | 1,358,687            | 63,541                     | 27,536   | -  |
| Interest on long-term debt                          | 442,487              | -                          | -  | -  |
| Other debt service                                  | 34,080               | -                          | -  | -  |
| Capital projects                                    | -                    | -                          | -  | 2,385,045  |
| Total governmental activities                       | <u>15,561,791</u>    | <u>1,376,552</u>           | <u>3,253,227</u>   | <u>2,747,800</u>   |
| Business type activities:                           |                      |                            |  |  |
| Water   | 2,238,776            | 2,641,665                  | -  | -  |
| Sewer   | 2,582,371            | 2,881,755                  | -  | -  |
| Other non-major                                     | <u>1,094,439</u>     | <u>1,159,176</u>           | <u>-</u>   | <u>-</u>   |
| Total business type activities                      | <u>5,915,586</u>     | <u>6,682,596</u>           | <u>-</u>   | <u>-</u>   |
| <b>Total primary government</b>                     | <u>\$ 21,477,377</u> | <u>8,059,148</u>           | <u>3,253,227</u>   | <u>2,747,800</u>   |
| <b>Component Units:</b>                             |                      |                            |  |  |
| Airport Authority                                   | \$ 558,603           | 47,253                     | -  | 271,654  |
| Other (modified cash)                               | <u>351,629</u>       | <u>9,404</u>               | <u>699,646</u>   | <u>-</u>   |
| <b>Total component units</b>                        | <u>\$ 910,232</u>    | <u>56,657</u>              | <u>699,646</u>   | <u>271,654</u>   |
| <b>General Revenues:</b>                            |                      |                            |  |  |
| Property and other city tax levied for:             |                      |                            |  |  |
| General purposes                                    |                      |                            |  |  |
| Debt service  |                      |                            |  |  |
| Tax increment financing                             |                      |                            |  |  |
| Local option sales tax                              |                      |                            |  |  |
| Unrestricted investment earnings                    |                      |                            |  |  |
| Miscellaneous                                       |                      |                            |  |  |
| Transfers   |                      |                            |  |  |
| Gain on sale of real estate                         |                      |                            |  |  |
| Total general revenues and transfers                |                      |                            |  |  |
| Change in net assets                                |                      |                            |  |  |
| Net assets beginning of year, as restated (note 13) |                      |                            |  |  |
| Net assets end of year                              |                      |                            |  |  |
| See notes to financial statements.                  |                      |                            |  |  |

| Net (Expense) Revenue and Changes in Net Assets |                             |             |           |
|---|-----------------------------|-------------|-----------|
| Primary Government                              |                             |             | Component |
|   |                             |             | Units     |
| Governmental<br>Activities                      | Business Type<br>Activities | Total       |           |
| (5,382,159)                                     | -                           | (5,382,159) | -         |
| (263,070)                                       | -                           | (263,070)   | -         |
| (112,246)                                       | -                           | (112,246)   | -         |
| (1,524,399)                                     | -                           | (1,524,399) | -         |
| (1,543,206)                                     | -                           | (1,543,206) | -         |
| (1,267,610)                                     | -                           | (1,267,610) | -         |
| (442,487)                                       | -                           | (442,487)   | -         |
| (34,080)  | -                           | (34,080)    | -         |
| 2,385,045                                       | -                           | 2,385,045   | -         |
| (8,184,212)                                     | -                           | (8,184,212) | -         |
| -   | 402,889                     | 402,889     | -         |
| -   | 299,384                     | 299,384     | -         |
| -   | 64,737                      | 64,737      | -         |
| -   | 767,010                     | 767,010     | -         |
| (8,184,212)                                     | 767,010                     | (7,417,202) | -         |
| -   | -                           | -           | (239,696) |
| -   | -                           | -           | 357,421   |
| -   | -                           | -           | 117,725   |
| 8,224,477                                       | -                           | 8,224,477   | 183,496   |
| 1,755,723                                       | -                           | 1,755,723   | -         |
| 793,770   | -                           | 793,770     | -         |
| 1,452,952                                       | -                           | 1,452,952   | -         |
| 318,211   | 75,118                      | 393,329     | 4,230     |
| 1,109,366                                       | 249,869                     | 1,359,235   | 257,517   |
| 274,110   | (274,110)                   | -           | -         |
| 60,000  | -                           | 60,000      | -         |
| 13,988,609                                      | 50,877                      | 14,039,486  | 445,243   |
| 5,804,397                                       | 817,887                     | 6,622,284   | 562,968   |
| 12,797,178                                      | (4,514,383)                 | 8,282,795   | 4,185,220 |
| \$ 18,601,575                                   | (3,696,496)                 | 14,905,079  | 4,748,188 |

City of Fort Dodge, Iowa  
Balance Sheet  
Governmental Funds  
June 30, 2004

|  | <u>Special Revenue</u> |                     |
|--|------------------------|---------------------|
| <b>Assets</b>                              | <u>General</u>         | <u>Road Use Tax</u> |
| Cash and pooled investments                | \$ 3,313,513           | 770,612             |
| Receivables:                               |                        |                     |
| Property tax:                              |                        |                     |
| Delinquent                                 | 92,180                 | -                   |
| Succeeding year                            | 5,065,944              | -                   |
| Accounts                                   | 287,058                | 2,812               |
| Accrued interest                           | 5,034                  | -                   |
| Contracts                                  | 20,000                 | -                   |
| Due from other funds                       | -                      | -                   |
| Due from other governments                 | -                      | -                   |
| Inventories                                | 15,294                 | -                   |
| Prepaid insurance                          | 83,699                 | -                   |
|  | <hr/>                  | <hr/>               |
| <b>Total assets</b>                        | <b>\$ 8,882,722</b>    | <b>773,424</b>      |
|  | <hr/>                  | <hr/>               |
| <b>Liabilities and Fund Balances</b>       |                        |                     |
| Liabilities:                               |                        |                     |
| Warrants issued in excess of cash balances | \$ -                   | -                   |
| Accounts payable                           | 113,895                | 34,606              |
| Salaries payable                           | 164,539                | 28,714              |
| Benefits payable                           | -                      | -                   |
| Early retirement                           | 6,376                  | -                   |
| Deferred revenue:                          |                        |                     |
| Succeeding year property tax               | 5,065,944              | -                   |
| Other                                      | 137,492                | -                   |
| Due to other funds                         | 48,769                 | -                   |
| Total liabilities                          | <hr/> 5,537,015        | <hr/> 63,320        |
| Fund balances:                             |                        |                     |
| Reserved for:                              |                        |                     |
| Prepaid expenditures                       | 83,699                 | -                   |
| Inventories                                | 15,294                 | -                   |
| Debt service                               | -                      | -                   |
| Unreserved, reported in:                   |                        |                     |
| General fund                               | 3,246,714              | -                   |
| Special revenue funds                      | -                      | 710,104             |
| Capital projects fund                      | -                      | -                   |
| Total fund balances                        | <hr/> 3,345,707        | <hr/> 710,104       |
|  | <hr/>                  | <hr/>               |
| <b>Total liabilities and fund balances</b> | <b>\$ 8,882,722</b>    | <b>773,424</b>      |
|  | <hr/>                  | <hr/>               |

See notes to financial statements.

# Exhibit C

|                                   |                   |  |
|-----------------------------------|-------------------|--|
| Other<br>Nonmajor<br>Governmental |                   |  |
| <u>Funds</u>                      | <u>Total</u>      |  |
| 8,977,740                         | 13,061,865        |  |
|                                   |                   |  |
| 105,139                           | 197,319           |  |
| 3,952,147                         | 9,018,091         |  |
| 4,263                             | 294,133           |  |
| 10,063                            | 15,097            |  |
| -                                 | 20,000            |  |
| 561,538                           | 561,538           |  |
| 533,972                           | 533,972           |  |
| -                                 | 15,294            |  |
| -                                 | 83,699            |  |
| <u>14,144,862</u>                 | <u>23,801,008</u> |  |
|                                   |                   |  |
| 5,868                             | 5,868             |  |
| 487,780                           | 636,281           |  |
| 2,352                             | 195,605           |  |
| 35,864                            | 35,864            |  |
| -                                 | 6,376             |  |
|                                   |                   |  |
| 3,952,147                         | 9,018,091         |  |
| 21,025                            | 158,517           |  |
| -                                 | 48,769            |  |
| <u>4,505,036</u>                  | <u>10,105,371</u> |  |
|                                   |                   |  |
| -                                 | 83,699            |  |
| -                                 | 15,294            |  |
| 648,923                           | 648,923           |  |
|                                   |                   |  |
| -                                 | 3,246,714         |  |
| 6,217,029                         | 6,927,133         |  |
| 2,773,874                         | 2,773,874         |  |
| <u>9,639,826</u>                  | <u>13,695,637</u> |  |
| <u>14,144,862</u>                 | <u>23,801,008</u> |  |

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2004

**Total governmental fund balances (page 17)** \$ 13,695,637

**Amounts reported for governmental activities in the  
statement of net assets are different because:**

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds 16,129,070

Long-term liabilities, accrued interest and compensated  
absences are not due and payable in the current period  
and, therefore, are not reported as liabilities in the  
governmental funds:

|                                       |             |
|---------------------------------------|-------------|
| General obligation bonds payable      | (7,417,943) |
| Hotel/motel tax revenue bonds payable | (1,700,000) |
| Other bonds and notes payable         | (496,836)   |
| Compensated absences                  | (1,218,790) |
| Accrued interest payable              | (27,177)    |
| Early retirement                      | (362,386)   |
|                                       | (3,223,122) |

**Net Assets of Governmental Activities (Page 12)** \$ 18,601,575

See notes to financial statements.



City of Fort Dodge, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2004

|   | <u>General</u>      | <u>Special Revenue<br/>Road Use</u> |
|---|---------------------|-------------------------------------|
| Revenues:   |                     |                                     |
| Property tax  | \$ 4,882,642        | -                                   |
| Tax increment financing                                   | -                   | -                                   |
| Other city tax  | 640,903             | -                                   |
| Licenses and permits                                      | 371,137             | -                                   |
| Use of money and property                                 | 104,566             | -                                   |
| Intergovernmental   | 307,322             | 2,191,469                           |
| Charges for service                                       | 881,997             | -                                   |
| Special assessments                                       | 7,061               | -                                   |
| Miscellaneous   | 483,118             | -                                   |
| Total revenues  | <u>7,678,746</u>    | <u>2,191,469</u>                    |
| Expenditures:   |                     |                                     |
| Operating:  |                     |                                     |
| Public safety   | 3,714,884           | -                                   |
| Public works  | 331,273             | 1,929,000                           |
| Health and social services                                | 65,504              | -                                   |
| Culture and recreation                                    | 1,714,223           | -                                   |
| Community and economic development                        | 432,645             | -                                   |
| General government  | 1,134,749           | -                                   |
| Debt service  | -                   | -                                   |
| Capital projects  | -                   | -                                   |
| Total expenditures  | <u>7,393,278</u>    | <u>1,929,000</u>                    |
| Excess (deficiency) of revenues over (under) expenditures | 285,468             | 262,469                             |
| Other financing sources (uses):                           |                     |                                     |
| Bond proceeds   | -                   | -                                   |
| Sale of capital assets                                    | 60,000              | -                                   |
| Operating transfers in                                    | 300,507             | -                                   |
| Operating transfers out                                   | (471,989)           | (30,339)                            |
| Total other financing sources (uses)                      | <u>(111,482)</u>    | <u>(30,339)</u>                     |
| Net change in fund balances                               | 173,986             | 232,130                             |
| Fund balances beginning of year, as restated              | <u>3,171,721</u>    | <u>477,974</u>                      |
| Fund balances end of year                                 | <u>\$ 3,345,707</u> | <u>710,104</u>                      |
| See notes to financial statements.                        |                     |                                     |

Exhibit E

| Other<br>Nonmajor<br>Governmental<br>Funds | Total             |
|--|-------------------|
| 4,363,054                                  | 9,245,696         |
| 793,770                                    | 793,770           |
| 1,546,424                                  | 2,187,327         |
| -  | 371,137           |
| 213,645                                    | 318,211           |
| 2,885,270                                  | 5,384,061         |
| 124,129                                    | 1,006,126         |
| -  | 7,061             |
| 674,972                                    | 1,158,090         |
| <u>10,601,264</u>                          | <u>20,471,479</u> |

|                   |                   |
|-------------------|-------------------|
| 1,650,562         | 5,365,446         |
| 1,274,335         | 3,534,608         |
| 569,740           | 635,244           |
| 696,318           | 2,410,541         |
| 2,633,696         | 3,066,341         |
| 223,938           | 1,358,687         |
| 3,638,927         | 3,638,927         |
| 3,066,222         | 3,066,222         |
| <u>13,753,738</u> | <u>23,076,016</u> |

(3,152,474) (2,604,537)

|                  |                  |
|------------------|------------------|
| 400,000          | 400,000          |
| -                | 60,000           |
| 587,778          | 888,285          |
| <u>(111,847)</u> | <u>(614,175)</u> |
| <u>875,931</u>   | <u>734,110</u>   |

(2,276,543) (1,870,427)

|                   |                   |
|-------------------|-------------------|
| <u>11,916,369</u> | <u>15,566,064</u> |
| <u>9,639,826</u>  | <u>13,695,637</u> |

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2004

**Net Change in Fund Balances - Total Governmental Funds** **\$ (1,870,427)**  
**(Page 20)**

**Amounts reported for governmental activities in the  
statement of activities are different because:**

Capital outlays to purchase or construct capital assets are reported in the governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlay and depreciation expense for the year are as follows:

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital outlay       | \$ 5,558,231     |           |
| Depreciation expense | <u>(755,163)</u> | 4,803,068 |

The issuance of long-term debt provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes current financial resources. These transactions have no effect on the change in net assets in the statement of activities. In addition, interest is accrued on outstanding debt in the statement of activities whereas in the governmental funds an interest expenditure is reported only when due. The following is a detail of the net effect on these differences in the treatment of long-term debt and related items:

|                                 |                 |           |
|---------------------------------|-----------------|-----------|
| Long-term debt issued           | (400,000)       |           |
| Long-term debt principal repaid | 3,212,165       |           |
| Accrued interest                | <u>(27,177)</u> | 2,784,988 |

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2004

Revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues in  
the funds.

493,099

Increase in compensated absences expenses reported in the  
statement of activities does not require the use of current  
financial resources and, therefore, is not reported as an  
expenditure in the governmental funds

(43,945)

Increase in early retirement expenses reported in the  
statement of activities does not require the use of current  
financial resources and, therefore, is not reported as an  
expenditure in the governmental funds

(362,386)**Change in Net Assets of Governmental Activities (Page 15)**\$ 5,804,397

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

Exhibit G

|  | Business-Type Activities |                         |  |                    |
|--|--------------------------|-------------------------|--|--------------------|
|  | Water<br><u>Utility</u>  | Sewer<br><u>Utility</u> | Other<br>Nonmajor<br>Proprietary<br><u>Funds</u> | <u>Totals</u>      |
| <b>Assets</b>                                    |                          |                         |  |                    |
| Cash and pooled investments                      | \$ 902,097               | 2,537,514               | 326,039  | 3,765,650          |
| Accounts receivable                              | 161,894                  | 215,110                 | 89,603   | 466,607            |
| Interest receivable                              | 1,348                    | 3,912                   | 345  | 5,605              |
| Restricted assets:                               |                          |                         |  |                    |
| Cash and pooled investments                      | 747,696                  | 576,142                 | 158,881  | 1,482,719          |
| Bond issuance costs                              | 82,013                   | 35,197                  | -  | 117,210            |
| Capital assets (net of accumulated depreciation) | <u>3,379,251</u>         | <u>5,294,446</u>        | <u>789,121</u>                                   | <u>9,462,818</u>   |
| <b>Total assets</b>                              | <u>5,274,299</u>         | <u>8,662,321</u>        | <u>1,363,989</u>                                 | <u>15,300,609</u>  |
| <b>Liabilities</b>                               |                          |                         |  |                    |
| Accounts payable                                 | 1,745,414                | 26,281                  | 27,771   | 1,799,466          |
| Salaries payable                                 | 23,796                   | 12,462                  | 11,351   | 47,609             |
| Compensated absences                             | 42,137                   | 19,333                  | 14,599   | 76,069             |
| Benefits payable                                 | 8,694                    | 4,259                   | 3,474  | 16,427             |
| Early retirement                                 | 8,714                    | -                       | 6,744  | 15,458             |
| Due to other funds                               | 394,993                  | 117,776                 | -  | 512,769            |
| Payable from restricted net assets:              |                          |                         |  |                    |
| Bonds, notes and loans payable                   | 371,330                  | 659,000                 | -  | 1,030,330          |
| Customer deposits                                | -                        | -                       | 158,881  | 158,881            |
| Interest payable                                 | 5,076                    | 44,299                  | -  | 49,375             |
| Long-term liabilities:                           |                          |                         |  |                    |
| Bonds, notes and loans payable                   | 1,298,440                | 13,943,860              | -  | 15,242,300         |
| Early retirement                                 | <u>39,450</u>            | <u>-</u>                | <u>8,971</u>                                     | <u>48,421</u>      |
| <b>Total liabilities</b>                         | <u>3,938,044</u>         | <u>14,827,270</u>       | <u>231,791</u>                                   | <u>18,997,105</u>  |
| <b>Net assets</b>                                |                          |                         |  |                    |
| Invested in capital assets, net of related debt  | 1,788,786                | (9,387,719)             | 789,121  | (6,809,812)        |
| Restricted for:                                  |                          |                         |  |                    |
| Revenue bond retirement                          | 479,207                  | 187,943                 | -  | 667,150            |
| Unrestricted                                     | <u>(931,738)</u>         | <u>3,034,827</u>        | <u>343,077</u>                                   | <u>2,446,166</u>   |
| <b>Total net assets</b>                          | <u>\$ 1,336,255</u>      | <u>(6,164,949)</u>      | <u>1,132,198</u>                                 | <u>(3,696,496)</u> |

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year ended June 30, 2004

Exhibit H

|   | <u>Business-Type Activities</u> |                          |  |                    |
|---|---------------------------------|--------------------------|--|--------------------|
|   | <u>Water<br/>Utility</u>        | <u>Sewer<br/>Utility</u> | <u>Other<br/>Non-Major<br/>Proprietary<br/>Funds</u> | <u>Totals</u>      |
| Operating revenues:                                 |                                 |                          |  |                    |
| Charges for services                                | \$ 2,641,665                    | 2,881,755                | 1,159,176  | 6,682,596          |
| Miscellaneous                                       | 234,370                         | 14,734                   | 765  | 249,869            |
| Total operating revenues                            | <u>2,876,035</u>                | <u>2,896,489</u>         | <u>1,159,941</u>                                     | <u>6,932,465</u>   |
| Operating expenses:                                 |                                 |                          |  |                    |
| Business type activities:                           |                                 |                          |  |                    |
| Cost of sales and services                          | 1,992,493                       | 1,846,321                | 1,000,204  | 4,839,018          |
| Amortization  | 4,317                           | 1,853                    | -  | 6,170              |
| Depreciation  | 172,118                         | 130,504                  | 94,235   | 396,857            |
| Total operating expenses                            | <u>2,168,928</u>                | <u>1,978,678</u>         | <u>1,094,439</u>                                     | <u>5,242,045</u>   |
| Operating income                                    | <u>707,107</u>                  | <u>917,811</u>           | <u>65,502</u>  | <u>1,690,420</u>   |
| Non-operating revenues (expenses):                  |                                 |                          |  |                    |
| Interest and investment revenue                     | 13,980                          | 58,100                   | 3,038  | 75,118             |
| Interest expense                                    | (56,203)                        | (585,819)                | -  | (642,022)          |
| Miscellaneous expense                               | (13,645)                        | (17,874)                 | -  | (31,519)           |
| Total non-operating revenue (expenses)              | <u>(55,868)</u>                 | <u>(545,593)</u>         | <u>3,038</u>   | <u>(598,423)</u>   |
| Net income before transfers                         | 651,239                         | 372,218                  | 68,540   | 1,091,997          |
| Transfers (out) in                                  | <u>(135,314)</u>                | <u>(136,400)</u>         | <u>(2,396)</u>                                       | <u>(274,110)</u>   |
| Change in net assets                                | 515,925                         | 235,818                  | 66,144   | 817,887            |
| Net assets beginning of year, as restated (Note 13) | <u>820,330</u>                  | <u>(6,400,767)</u>       | <u>1,066,054</u>                                     | <u>(4,514,383)</u> |
| Net assets end of year                              | <u>\$ 1,336,255</u>             | <u>(6,164,949)</u>       | <u>1,132,198</u>                                     | <u>(3,696,496)</u> |

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2004

Exhibit I

|   | <u>Business-Type Activities</u> |                          |   |                    |
|---|---------------------------------|--------------------------|---|--------------------|
|   | <u>Water<br/>Utility</u>        | <u>Sewer<br/>Utility</u> | <u>Other<br/>Nonmajor<br/>Proprietary<br/>Funds</u> | <u>Total</u>       |
| <b>Cash Flows From Operating Activities</b>                     |                                 |                          |   |                    |
| Receipts from customers   | \$ 2,932,112                    | 2,917,453                | 1,205,933   | 7,055,498          |
| Payments to suppliers and employees                             | (430,780)                       | (1,822,974)              | (1,058,766)   | (3,312,520)        |
| Other receipts  | -                               | 14,734                   | 765   | 15,499             |
| Net cash provided by operating activities                       | <u>2,501,332</u>                | <u>1,109,213</u>         | <u>147,932</u>                                      | <u>3,758,477</u>   |
| <b>Cash Flows From Noncapital Financing Activities</b>          |                                 |                          |   |                    |
| Transfers to other funds  | (135,314)                       | (136,400)                | (111,193)   | (382,907)          |
| Transfers from other funds                                      | -                               | -                        | 108,797   | 108,797            |
| Net cash provided (used) in noncapital financing activities     | <u>(135,314)</u>                | <u>(136,400)</u>         | <u>(2,396)</u>                                      | <u>(274,110)</u>   |
| <b>Cash Flows From Capital and Related Financing Activities</b> |                                 |                          |   |                    |
| Proceeds from capital debt                                      | 763,440                         | 797,857                  | -   | 1,561,297          |
| Receipts from other funds                                       | 394,993                         | 117,776                  | -   | 512,769            |
| Payments to other funds   | (400,558)                       | (411,619)                | -   | (812,177)          |
| Purchases of capital assets                                     | (2,322,754)                     | (495,040)                | (20,226)  | (2,838,020)        |
| Principal paid on capital debt                                  | (185,000)                       | (635,000)                | -   | (820,000)          |
| Interest paid on capital debt                                   | (51,127)                        | (541,520)                | -   | (592,647)          |
| Other receipts (payments)                                       | <u>(13,645)</u>                 | <u>(17,874)</u>          | <u>-</u>  | <u>(31,519)</u>    |
| Net cash (used) by capital and related financing activities     | <u>(1,814,651)</u>              | <u>(1,185,420)</u>       | <u>(20,226)</u>                                     | <u>(3,020,297)</u> |
| <b>Cash Flows From Investing Activities</b>                     |                                 |                          |   |                    |
| Interest and dividends  | <u>13,152</u>                   | <u>58,456</u>            | <u>2,900</u>  | <u>74,508</u>      |
| Net cash provided by investing activities                       | <u>13,152</u>                   | <u>58,456</u>            | <u>2,900</u>  | <u>74,508</u>      |
| Net increase (decrease) in cash and cash equivalents            | 564,519                         | (154,151)                | 128,210   | 538,578            |
| Cash and cash equivalents beginning of year                     | <u>1,085,274</u>                | <u>3,267,807</u>         | <u>356,710</u>                                      | <u>4,709,791</u>   |
| Cash and cash equivalents end of year                           | <u>\$ 1,649,793</u>             | <u>3,113,656</u>         | <u>484,920</u>                                      | <u>5,248,369</u>   |

(continued)

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2004

Exhibit I

|  | <u>Business-Type Activities</u> |                          |   |                  |
|--|---------------------------------|--------------------------|---|------------------|
|  | <u>Water<br/>Utility</u>        | <u>Sewer<br/>Utility</u> | <u>Other<br/>Nonmajor<br/>Proprietary<br/>Funds</u> | <u>Total</u>     |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by operating activities</b>                                  |                                 |                          |   |                  |
| Operating income   | \$ 707,107                      | 917,811                  | 65,502  | 1,690,420        |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities:   |                                 |                          |   |                  |
| Depreciation expense   | 172,118                         | 130,504                  | 94,235  | 396,857          |
| Amortization expense   | 4,317                           | 1,853                    | -   | 6,170            |
| Change in assets and liabilities:  |                                 |                          |   |                  |
| Receivables, net   | 56,077                          | 35,698                   | (14,748)  | 77,027           |
| Consumer deposits  | -                               | -                        | 13,894  | 13,894           |
| Accounts and other payables  | 1,615,721                       | 24,443                   | (341)   | 1,639,823        |
| Accrued expenses   | (54,008)                        | (1,096)                  | (10,610)  | (65,714)         |
| Net cash provided by operating activities  | <u>\$ 2,501,332</u>             | <u>1,109,213</u>         | <u>147,932</u>                                      | <u>3,758,477</u> |
| <b>Reconciliation of cash and cash equivalents at year<br/>end to specific assets included in the statement<br/>of net assets:</b> |                                 |                          |   |                  |
| <b>Current assets:</b>   |                                 |                          |   |                  |
| Cash and pooled investments  | \$ 902,097                      | 2,537,514                | 326,039   | 3,765,650        |
| <b>Noncurrent assets:</b>  |                                 |                          |   |                  |
| Cash and pooled investments  | <u>747,696</u>                  | <u>576,142</u>           | <u>158,881</u>                                      | <u>1,482,719</u> |
| <b>Cash and cash equivalents at year end</b>   | <u>\$ 1,649,793</u>             | <u>3,113,656</u>         | <u>484,920</u>                                      | <u>5,248,369</u> |

See notes to financial statements.



City of Fort Dodge, Iowa

Exhibit J

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2004

Trust  
Funds

Coleman  
Water & Sewer

Assets

Cash

\$ 979

Receivables:

Accounts

747

Total assets

\$ 1,726

Liabilities

Accounts payable

\$ 1,020

Net Assets

Held in trust

706

Total liabilities and net assets

\$ 1,726

See notes to financial statements.

City of Fort Dodge, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year ended June 30, 2004

Trust  
Funds  
Coleman  
Water & Sewer

Additions:

Fees collected

\$ 4,832

Deductions:

Fees remitted

4,501

Change in net assets

331

Net assets - Beginning of year

375

Net assets - End of year

\$ 706

See notes to financial statements.

City of Fort Dodge, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year ended June 30, 2004

City of Fort Dodge, Iowa

Exhibit J

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2004





City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**(1) Summary of Significant Accounting Policies**

The City of Fort Dodge is a political subdivision of the State of Iowa located in Webster County. It operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Fort Dodge provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates the airport and provides water, sewer and sanitation utilities.

The financial statements of the City of Fort Dodge have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the City of Fort Dodge has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Fort Dodge (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Discretely Presented Component Units

The Fort Dodge Municipal Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a five member board appointed by the Fort Dodge City Council who serve at the pleasure of the City Council. The City annually provides significant operating subsidies to the Authority. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. The Authority is accounted for as a Governmental Fund in these financial statements.

In addition, there are two legally, tax-exempt foundations that are component units of the City of Fort Dodge. These foundations act primarily as fund-raising organizations to supplement the resources that are available to the City in support of its programs. Although the City does not control the timing or amount of receipts from these foundations, the majority of resources, or income thereon, that these foundations hold and invest are restricted to the activities of the City by the donors. Because the restricted resources held by these foundations can only be used by, or for the benefit of, the City, these foundations are considered component units of the City of Fort Dodge and are discretely presented in the City's financial statements.

Both of these tax-exempt foundations' records are prepared on the modified cash basis of accounting. Under that basis, assets recognized are cash and marketable securities, and no liabilities are recognized. The only non-cash transactions recognized are gifts of stock and the subsequent increase or decrease in market value. The modified cash basis differs from accounting principles generally accepted in the United States of America primarily because promises to give, accrued investment income and accounts payable are not included in these financial statements. No modifications have been made to the foundations' financial information in the City's reporting entity for these differences.



City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2004

Details of these component units are as follows:

|  | W.H. Johnston<br><u>Foundation</u> | Blanden<br>Charitable<br><u>Foundation</u> | <u>Total</u> |
|--|------------------------------------|--|--------------|
| Cash and pooled investments                                | \$ 2,231,133                       | 1,315,629                                  | 3,546,762    |
| Advances   | ---                                | 223  | 223          |
| Payroll taxes payable                                      | ---                                | (24)                                       | (24)         |
| Restricted net assets                                      | \$ 2,231,133                       | 1,315,828                                  | 3,546,961    |
|  | =====                              | =====                                      | =====        |
| Operating grants, contributions<br>and restricted interest | \$ 231,603                         | 468,043                                    | 699,646      |
| Charges for services                                       | ---                                | 9,404                                      | 9,404        |
| Program expenses   | (113,109)                          | (238,520)                                  | (351,629)    |
| Net change   | 118,494                            | 238,927                                    | 357,421      |
| Beginning net assets                                       | 2,112,639                          | 1,076,901                                  | 3,189,540    |
| Ending net assets  | \$ 2,231,133                       | 1,315,828                                  | 3,546,961    |
|  | =====                              | =====                                      | =====        |

Complete financial statements for these foundations can be obtained from their respective administrative offices in Fort Dodge, Iowa.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Webster County Assessor's Conference Board, Webster County Emergency Management Commission, Webster County Joint E911 Service Board, and Webster County Telecommunications Board.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Related Organizations

Financial statements for the Municipal Housing Agency of the City of Fort Dodge, Iowa are not included in this report as it is not a component unit of the City. The Municipal Housing Agency is governed by its own Board of Trustees who are appointed by the Council and is subject to an independent audit.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as other nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Fund is utilized to account for road construction and maintenance paid from road use taxes.

The City reports the following major proprietary funds:

Enterprise:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most City funds are pooled and invested. Interest earned on investments is allocated to the funds on a systematic basis, or as provided by law. Investments are stated at cost which approximates fair value and non-negotiable certificates of deposit are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than twelve months.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2004 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2003.

Due from and due to other funds – During the course of its operations, the City had several transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Governmental fund inventories of materials and supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Accounts Receivable – The City of Fort Dodge utilizes the direct write-off method for uncollectible accounts which is not materially different from the allowance for bad debt method.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue bonds/notes are classified as restricted assets since their use is restricted by applicable bond/note indentures. Other restricted assets include donations restricted for specific purposes and customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets – Capital assets, which include property, equipment and vehicles, works of art, infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u>               | <u>Amount</u> |
|----------------------------------|---------------|
| Land, buildings and improvements | \$ 25,000     |
| Equipment and vehicles           | 5,000         |
| Infrastructure                   | 50,000        |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u>                | <u>Estimated<br/>Useful Lives<br/>(In Years)</u> |
|-----------------------------------|--|
| Buildings                         | 39 years   |
| Improvements other than buildings | 15-20 years                                      |
| Vehicles                          | 3-20 years                                       |
| Equipment                         | 6-10 years                                       |
| Infrastructure                    | 15-50 years                                      |

The City has not retroactively capitalized infrastructure assets. Under current accounting standards, the City has until the year June 30, 2007 to complete the capitalization of infrastructure assets. However, infrastructure projects from 2003-2004 are included in the government-wide and proprietary fund financial statements. Because the infrastructure assets constructed prior to 2003 have not been capitalized, the debt related to infrastructure assets causes the reporting of capital assets net of related debt in the statement of net assets to be lower than it would if the infrastructure were capitalized.

Bond Issuance Costs – Bond issuance costs associated with revenue bonds are deferred and amortized over the term of the bonds using the bond outstanding method which approximates the interest method.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the statement of net assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates and Assumptions – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by function. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the

City at year end. The City's investments are all category 1 which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City's investments at June 30, 2004 are as follows:

| <u>Type</u>              | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|--------------------------|----------------------------|-----------------------|
| U.S. Treasury securities | \$ 449,475                 | 448,902               |
| GNMA securities          | <u>44,496</u>              | <u>44,303</u>         |
| Total                    | <u>\$ 493,971</u>          | <u>493,205</u>        |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$104,828 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

The City also invested its excess cash in money market savings accounts and certificates of deposit during the year ended June 30, 2004.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2004 was as follows:

|   | Balance<br>Beginning<br>of Year<br>(as restated,<br>note 13) | Increases        | Decreases      | Balance<br>End<br>of Year |
|---|--|------------------|----------------|---------------------------|
| <b>Primary Government</b>                   |  |                  |                |                           |
| <b>Governmental activities:</b>             |  |                  |                |                           |
| Capital assets not being depreciated:       |  |                  |                |                           |
| Land  | \$ 1,397,672   | 458,647          | ---            | 1,856,319                 |
| Construction in progress                    | 2,887,514  | 4,308,651        | 946,834        | 6,249,331                 |
| Works of art                                | 28,509   | ---              | ---            | 28,509                    |
| Total capital assets not being depreciated  | <u>4,313,695</u>   | <u>4,767,298</u> | <u>946,834</u> | <u>8,134,159</u>          |
| Capital assets being depreciated:           |  |                  |                |                           |
| Buildings                                   | 10,858,591   | ---              | 60,000         | 10,798,591                |
| Improvements other than buildings           | 112,695  | ---              | ---            | 112,695                   |
| Machinery, equipment and vehicles           | 5,024,989  | 171,301          | 79,799         | 5,116,491                 |
| Equipment – Capital lease                   | 128,139  | ---              | ---            | 128,139                   |
| Infrastructure                              | <u>1,149,283</u>   | <u>2,059,565</u> | <u>---</u>     | <u>3,208,848</u>          |
| Total capital assets being depreciated      | <u>17,273,697</u>  | <u>2,230,866</u> | <u>139,799</u> | <u>19,364,764</u>         |
| Less accumulated depreciation for:          |  |                  |                |                           |
| Buildings                                   | 7,317,910  | 137,779          | 60,000         | 7,395,689                 |
| Improvements other than buildings           | 3,991  | 5,635            | ---            | 9,626                     |
| Machinery, equipment and vehicles           | 3,325,450  | 400,314          | 79,799         | 3,645,965                 |
| Equipment: Capital Lease                    | 40,205   | 21,356           | ---            | 61,561                    |
| Infrastructure, road network                | <u>66,933</u>  | <u>190,079</u>   | <u>---</u>     | <u>257,012</u>            |
| Total accumulated depreciation              | <u>10,754,489</u>  | <u>755,163</u>   | <u>139,799</u> | <u>11,369,853</u>         |
| Total capital assets being depreciated, net | <u>6,519,208</u>   | <u>1,475,703</u> | <u>---</u>     | <u>7,994,911</u>          |
| Governmental activities capital assets, net | <u>\$ 10,832,903</u>   | <u>6,243,001</u> | <u>946,834</u> | <u>16,129,070</u>         |

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2004

Capital assets activity for the year ended June 30, 2004 was as follows:

|  | Balance<br>Beginning<br>of Year<br>(as restated,<br>note 13) | Increases        | Decreases     | Balance<br>End<br>of Year |
|--|--|------------------|---------------|---------------------------|
| <b>Business type activities:</b>             |  |                  |               |                           |
| Capital assets not being depreciated:        |  |                  |               |                           |
| Land   | \$ 52,941  | ---              | ---           | 52,941                    |
| Construction in progress                     | <u>3,486,403</u>   | <u>2,687,730</u> | ---           | <u>6,174,133</u>          |
| Total capital assets not being depreciated   | <u>3,539,344</u>   | <u>2,687,730</u> | ---           | <u>6,227,074</u>          |
| Capital assets being depreciated:            |  |                  |               |                           |
| Buildings                                    | 3,764,500  | ---              | ---           | 3,764,500                 |
| Improvements other than buildings            | ---  | ---              | ---           | ---                       |
| Machinery and equipment                      | 1,937,140  | 150,290          | 28,000        | 2,059,430                 |
| Infrastructure                               | <u>2,323,154</u>   | ---              | ---           | <u>2,323,154</u>          |
| Total capital assets being depreciated       | <u>8,024,794</u>   | <u>150,290</u>   | <u>28,000</u> | <u>8,147,084</u>          |
| Less accumulated depreciation for:           |  |                  |               |                           |
| Buildings                                    | 2,865,658  | 96,526           | ---           | 2,962,184                 |
| Improvements other than buildings            | ---  | ---              | ---           | ---                       |
| Machinery and equipment                      | 1,256,190  | 197,296          | 28,000        | 1,425,486                 |
| Infrastructure, road network                 | <u>420,635</u>   | <u>103,035</u>   | ---           | <u>523,670</u>            |
| Total accumulated depreciation               | <u>4,542,483</u>   | <u>396,857</u>   | <u>28,000</u> | <u>4,911,340</u>          |
| Total capital assets being depreciated, net  | <u>3,482,311</u>   | <u>(246,567)</u> | ---           | <u>3,235,744</u>          |
| Business type activities capital assets, net | <u>\$ 7,021,655</u>  | <u>2,441,163</u> | ---           | <u>9,462,818</u>          |

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2004

Depreciation expense was charged to functions of the primary government as follows:

|   |                            |
|---|----------------------------|
| Governmental activities:  |                            |
| Public safety   | \$ 154,070                 |
| Public works, which includes the depreciation of<br>general infrastructure assets | 407,878                    |
| Culture and recreation  | <u>193,215</u>             |
| Total depreciation expense – governmental activities                              | <u>\$ 755,163</u><br>===== |
| Business type activities:   |                            |
| Water   | \$ 172,118                 |
| Sewer   | 130,504                    |
| Non-major business type activities  | <u>94,235</u>              |
| Total depreciation expense – business type activities                             | <u>\$ 396,857</u><br>===== |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

|  | Balance<br>Beginning<br>of Year<br>(as restated,<br>note 13) | Increases      | Decreases        | Balance<br>End<br>of Year |
|--|--|----------------|------------------|---------------------------|
| <b>Discretely presented component unit:</b>                      |  |                |                  |                           |
| Capital assets not being depreciated:                            |  |                |                  |                           |
| Land   | \$ <u>909,527</u>  | <u>175,975</u> | <u>---</u>       | <u>1,085,502</u>          |
| Total capital assets not being depreciated                       | <u>909,527</u>   | <u>175,975</u> | <u>---</u>       | <u>1,085,502</u>          |
| Capital assets being depreciated:                                |  |                |                  |                           |
| Buildings  | ---  | ---            | ---              | ---                       |
| Improvements other than buildings                                | ---  | ---            | ---              | ---                       |
| Machinery and equipment  | 712,049  | 39,462         | 13,000           | 738,511                   |
| Infrastructure   | ---  | ---            | ---              | ---                       |
| Total capital assets being depreciated                           | <u>712,049</u>   | <u>39,462</u>  | <u>13,000</u>    | <u>738,511</u>            |
| Less accumulated depreciation for:                               |  |                |                  |                           |
| Buildings  | ---  | ---            | ---              | ---                       |
| Improvements other than buildings                                | ---  | ---            | ---              | ---                       |
| Machinery and equipment  | 607,793  | 41,528         | 13,000           | 636,321                   |
| Infrastructure, road network                                     | ---  | ---            | ---              | ---                       |
| Total accumulated depreciation                                   | <u>607,793</u>   | <u>41,528</u>  | <u>13,000</u>    | <u>636,321</u>            |
| Total capital assets being depreciated, net                      | <u>104,256</u>   | <u>(2,066)</u> | <u>---</u>       | <u>102,190</u>            |
| Airport authority capital assets, net                            | \$ <u>1,013,783</u>  | <u>173,909</u> | <u>---</u>       | <u>1,187,692</u>          |
| Total depreciation expense – discretely presented component unit |  |                | <u>\$ 41,528</u> |                           |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**(4) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

|                                 | Balance<br>Beginning<br>of Year | Increases        | Decreases        | Balance<br>End<br>of Year | Due<br>Within<br>One Year |
|---------------------------------|---------------------------------|------------------|------------------|---------------------------|---------------------------|
| Governmental activities:        |                                 |                  |                  |                           |                           |
| General obligation bonds/notes: |                                 |                  |                  |                           |                           |
| General and corporate purpose   | \$ 10,605,000                   | ---              | 3,165,000        | 7,440,000                 | 1,275,000                 |
| Revenue notes                   | 1,700,000                       | 400,000          | 20,000           | 2,080,000                 | 100,000                   |
| Capital lease                   | 69,001                          | ---              | 12,165           | 56,836                    | 12,765                    |
| Note payable                    | 75,000                          | ---              | 15,000           | 60,000                    | 15,000                    |
| Compensated absences            | 1,174,845                       | 804,839          | 760,894          | 1,218,790                 | 751,437                   |
| Early retirement                | ---                             | 390,133          | 21,371           | 368,762                   | 38,256                    |
| Total                           | <u>\$ 13,623,846</u>            | <u>1,594,972</u> | <u>3,994,430</u> | <u>11,224,388</u>         | <u>2,192,458</u>          |
| Business type activities:       |                                 |                  |                  |                           |                           |
| Revenue bonds/notes:            |                                 |                  |                  |                           |                           |
| Water                           | \$ 1,005,000                    | 849,770          | 185,000          | 1,669,770                 | 371,330                   |
| Sewer                           | 14,440,003                      | 797,857          | 635,000          | 14,602,860                | 659,000                   |
| Compensated absences            | 141,783                         | 154,355          | 220,069          | 76,069                    | 76,069                    |
| Early retirement                | ---                             | 70,527           | 6,648            | 63,879                    | 15,458                    |
| Total                           | <u>\$ 15,586,786</u>            | <u>1,872,509</u> | <u>1,046,717</u> | <u>16,412,578</u>         | <u>1,121,857</u>          |

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2004

Bonded Debt

General obligation bonds/notes:

Three issues of unmatured general obligation bonds/notes, totaling \$7,440,000, are outstanding at June 30, 2004. General obligation bonds bear interest with rates ranging from 2.00% to 4.60% and mature in varying annual amounts ranging from \$180,000 to \$645,000, with the final maturities due in the year ending June 30, 2014.

Revenue bonds/notes:

Ten issues of unmatured revenue bonds/notes, totaling \$18,352,630, are outstanding at June 30, 2004. These bonds/notes bear interest at rates of 3.00% to 5.02% and mature in varying annual amounts ranging from \$9,000 to \$713,000, with the final maturities due in the year ending June 30, 2023.

The resolutions providing for the issuance of the revenue bonds/notes include the following provisions:

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the bond/note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate hotel and motel tax revenue, sewer and water bond sinking accounts for the purpose of making the bond/note principal and interest payments when due.
- (c) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds/notes falling due in the same year.

During the year ended June 30, 2004, the City was in compliance with the revenue bond/note provisions.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Details of bond/notes payable at June 30, 2004 are as follows:

| Governmental activities:                       | <u>Date of<br/>Issue</u> | <u>Interest<br/>Rates</u> | <u>Final Due Date</u> | <u>Annual Payments</u> | <u>Amount<br/>Originally<br/>Issued</u> | <u>Outstanding<br/>June 30, 2004</u> |
|--|--------------------------|---------------------------|-----------------------|------------------------|---|--------------------------------------|
| General obligation bonds/notes:                |                          |                           |                       |                        |   |                                      |
| Corporate purpose                              | June 1, 1998             | 4.15-4.45%                | June 30, 2008         | \$ 325,000-350,000     | \$ 5,300,000                            | \$ 3,520,000                         |
| Corporate purpose                              | May 28, 2003             | 2.00-3.50%                | June 30, 2014         | 180,000-235,000        | 2,050,000                               | 2,050,000                            |
| Refunding bond                                 | May 28, 2003             | 1.10-2.35%                | June 30, 2008         | 260,000-1,080,000      | 2,950,000                               | 1,870,000                            |
| Revenue Notes:                                 |                          |                           |                       |                        |   |                                      |
| Hotel/motel tax                                |                          |                           |                       |                        |   |                                      |
| Revenue note                                   | June 1, 2003             | 3.00-4.15%                | June 30, 2023         | 6,000-130,000          | 1,700,000                               | 1,700,000                            |
| Urban renewal tax<br>increment revenue<br>bond | Dec. 17, 2003            | 1.60-4.50%                | Dec. 1, 2013          | 20,000-40,000          | 400,000                                 | <u>380,000</u>                       |
| Total governmental activities                  |                          |                           |                       |                        |   | \$ <u>9,520,000</u>                  |

| Business type activities:      | <u>Date of<br/>Issue</u> | <u>Interest<br/>Rates</u> | <u>Final Due Date</u> | <u>Annual Payments</u> | <u>Amount<br/>Originally<br/>Issued</u> | <u>Outstanding<br/>June 30, 2004</u> |
|--------------------------------|--------------------------|---------------------------|-----------------------|------------------------|---|--------------------------------------|
| Revenue bonds/notes:           |                          |                           |                       |                        |   |                                      |
| Water revenue                  | June 1, 1998             | 4.30-4.37%                | June 30, 2008         | \$185,000-220,000      | \$ 1,800,000                            | \$ 820,000                           |
| Sewer revenue CW8906R          | Dec. 4, 1980             | 5.02%                     | June 30, 2011         | 80,000-115,000         | 1,500,000                               | 700,000                              |
| Sewer revenue CW9809R          | Sept. 30, 1999           | 3.92%                     | Dec. 1, 2021          | 9,000-17,000           | 243,597                                 | 227,000                              |
| Sewer revenue CW9116R          | Sept. 30, 1999           | 3.92%                     | Dec. 1, 2021          | 357,000-713,000        | 10,142,403                              | 9,441,000                            |
| Sewer revenue CW0118R          | Sept. 30, 2002           | 3.00%                     | Dec. 1, 2021          | 51,000-71,000          | 1,331,000                               | 1,033,179                            |
| Sewer revenue CW0304R          | Dec. 20, 2001            | 3.00%                     | June 30, 2023         | 138,000-202,000        | 3,705,000                               | 3,201,681                            |
| Water revenue DW030224R        | Dec. 12, 2003            | 3.00%                     | Dec. 1, 2024          | 130,000-229,000        | 3,500,000                               | 798,440                              |
| Water revenue                  | June 1, 2004             | 3.00%                     | Dec. 1, 2024          | 133,000-343,000        | 5,133,000                               | <u>51,330</u>                        |
| Total business type activities |                          |                           |                       |                        |   | \$ <u>16,272,630</u>                 |
| Total                          |                          |                           |                       |                        |   | \$ <u>25,792,630</u><br>=====        |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

A summary of the annual bond/note principal and interest requirements to maturity by type of bond/note is as follows:

| Year Ending<br>June 30, | General Obligation   |                  |                   |                   |
|-------------------------|----------------------|------------------|-------------------|-------------------|
|                         | Principal            | Interest         | Total             |                   |
| 2005                    | \$ 1,275,000         | 248,002          | 1,523,002         |                   |
| 2006                    | 1,280,000            | 213,053          | 1,493,053         |                   |
| 2007                    | 1,025,000            | 177,347          | 1,202,347         |                   |
| 2008                    | 965,000              | 145,711          | 1,110,711         |                   |
| 2009                    | 740,000              | 112,900          | 852,900           |                   |
| 2010-2014               | <u>2,155,000</u>     | <u>261,852</u>   | <u>2,416,852</u>  |                   |
| Total                   | <u>\$ 7,440,000</u>  | <u>1,158,865</u> | <u>8,598,865</u>  |                   |
|                         |                      |                  |                   |                   |
| Year Ending<br>June 30, | Revenue              |                  |                   | Total             |
|                         | Principal            | Interest         | Total             |                   |
| 2005                    | \$ 1,130,330         | 670,632          | 1,800,962         | 3,323,964         |
| 2006                    | 1,118,000            | 629,079          | 1,747,079         | 3,240,132         |
| 2007                    | 1,166,000            | 587,333          | 1,753,333         | 2,955,680         |
| 2008                    | 1,210,000            | 543,644          | 1,753,644         | 2,864,355         |
| 2009                    | 1,024,000            | 497,342          | 1,521,342         | 2,374,242         |
| 2010-2014               | 4,602,440            | 1,943,182        | 6,545,622         | 8,962,474         |
| 2015-2019               | 4,894,000            | 1,096,582        | 5,990,582         | 5,990,582         |
| 2020-2024               | <u>3,207,860</u>     | <u>209,230</u>   | <u>3,417,090</u>  | <u>3,417,090</u>  |
| Total                   | <u>\$ 18,352,630</u> | <u>6,177,024</u> | <u>24,529,654</u> | <u>33,128,519</u> |

As of June 30, 2004, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

|  |                      |
|--|----------------------|
| Actual valuation                           | \$ 890,352,220       |
| Debt limit – 5% of total actual valuation  | 44,517,611           |
| Debt applicable to debt limit:             |                      |
| General obligation bonded debt outstanding | <u>7,440,000</u>     |
| Legal debt margin                          | <u>\$ 37,077,611</u> |

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2004

Other Than Bonded Debt

Capital lease purchase agreement:

The City has entered into a capital lease agreement to lease 28 golf carts with a historical cost of \$82,889. The following is a schedule of the future minimum lease payments, including interest of 4.824% per month, and the present value of net minimum lease payments under the agreements in effect at June 30, 2004.

| Year<br>Ending<br><u>June 30,</u>           | <u>Golf Carts</u>         |
|---|---------------------------|
| 2005  | \$ 15,568                 |
| 2006  | <u>46,368</u>             |
| Total minimum lease payments                | 61,936                    |
| Less amount representing interest           | <u>5,100</u>              |
| Present value of net minimum lease payments | \$ <u>56,836</u><br>===== |

Payments under capital lease purchase agreement for the year ended June 30, 2004 totaled \$15,568.

Note payable:

| Year<br>Ending<br><u>June 30,</u> | <u>MidAmerican Energy</u> |                     |                        |
|-----------------------------------|---------------------------|---------------------|------------------------|
|                                   | <u>Principal</u>          | <u>Interest</u>     | <u>Total</u>           |
| 2005                              | \$ 15,000                 | ---                 | 15,000                 |
| 2006                              | 15,000                    | ---                 | 15,000                 |
| 2007                              | 15,000                    | ---                 | 15,000                 |
| 2008                              | <u>15,000</u>             | <u>---</u>          | <u>15,000</u>          |
| Total                             | \$ <u>60,000</u><br>===== | <u>---</u><br>===== | <u>60,000</u><br>===== |

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2004

Early Retirement

The City offered a one-time early retirement incentive effective July 1, 2003 and ending December 15, 2003 to any employee who had a combination of age and years of service with the City equaling a minimum of 74 years. The employee must sign a statement of intent to participate in this program with their last day of employment prior to March 15, 2004. All participating employees are eligible for individual medical coverage at no cost to them until they reach the age of eligibility for Medicare. Early retirement expenditures for the year ended June 30, 2004 totaled \$28,009.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

| <u>Transfer To</u> | <u>Transfer From</u> | <u>Amount</u> |
|--------------------|----------------------|---------------|
| General            | Special Revenue:     |               |
|                    | TIF                  | \$ 40,000     |
|                    | Capital Projects:    |               |
|                    | Capital Improvements | 20,507        |
|                    | Enterprise:          |               |
|                    | Water                | 80,000        |
|                    | Sewer                | 80,000        |
|                    | Solid Waste          | 80,000        |
| Special Revenue:   |                      |               |
| Drug Arrest        | General              | 37,075        |
| RSVP               | General              | 960           |
| Hotel/Motel Tax    | General              | 48,980        |
| TIF                | General              | 150,000       |
| SSMID              | Special Revenue:     |               |
|                    | TIF                  | 26,870        |

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

|                              |                  |                   |
|------------------------------|------------------|-------------------|
| Debt Service:                |                  |                   |
| Harlan Rogers Sinking        | General          | 98,953            |
|                              | Special Revenue: |                   |
|                              | Hotel/Motel Tax  | 13,750            |
| Capital Projects:            |                  |                   |
| Capital Improvements         | General          | 114,020           |
|                              | Special Revenue: |                   |
|                              | Road Use         | 7,709             |
|                              | Hotel/Motel Tax  | 4,600             |
|                              | Enterprise:      |                   |
|                              | Water            | 10,102            |
|                              | Sewer            | 11,187            |
|                              | Solid Waste      | 3,043             |
|                              | Parking Meter    | 283               |
| Harlan Rogers Sports Complex |                  |                   |
|                              | General          | 22,000            |
|                              | Enterprise:      |                   |
|                              | Water            | 17,062            |
|                              | Sewer            | 17,063            |
| Enterprise:                  |                  |                   |
| Central garage               | Special Revenue: |                   |
|                              | Road Use         | 22,630            |
| Parking meter                |                  |                   |
|                              | SSMID            | 2,000             |
| Central garage               |                  |                   |
|                              | Enterprise:      |                   |
|                              | Water            | 28,150            |
|                              | Sewer            | 28,150            |
|                              | Solid Waste      | 28,150            |
|                              |                  | <u>\$ 993,244</u> |
|                              |                  | =====             |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**(6) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2004 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>     |
|------------------------|---------------------|-------------------|
| Capital Projects:      | Enterprise:         |                   |
| Construction           | Water               | \$ 394,993        |
|                        | Sewer               | 117,776           |
| Special Revenue:       |                     |                   |
| Hotel/Motel Tax        | General             | 12,194            |
| Debt Service:          |                     |                   |
| Harlan Rogers Sinking  | General             | 24,380            |
| Capital Projects       |                     |                   |
| Capital Improvements   | General             | <u>12,195</u>     |
|                        |                     | <u>\$ 561,538</u> |
|                        |                     | =====             |

**(7) Pension and Retirement Benefits**

- A. The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$286,915, \$263,020 and \$260,742 respectively, equal to the required contributions for each year.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

- B. The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104<sup>th</sup> St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2004, 2003 and 2002 were \$592,559, \$523,604, and \$526,524 respectively, which met the required minimum contribution for each year.

**(8) Risk Management**

The City of Fort Dodge is exposed to various risks of loss related torts: theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**(9) Construction Commitments**

At June 30, 2004, the City had the following commitments with respect to unfinished capital projects:

|   | <u>Remaining<br/>Construction<br/>Commitment</u> | <u>Contract<br/>Amount</u>    |
|---|--|-------------------------------|
| Senior Center Project                           | \$ 892,196                                       | \$ 1,124,009                  |
| South 32 <sup>nd</sup> Street Extension Project | 83,968   | 2,234,268                     |
| 2004 HMA Overlay Project                        | 909,610  | 909,610                       |
| 2004 PCC Curb & Gutter Project                  | 221,740  | 221,740                       |
| 2004 HMA Street Repair Project                  | 204,300  | 204,300                       |
| 2001 Riverside Sanitary Project                 | 400,908  | 3,321,179                     |
| 2002 Water Plant Improvement                    | 2,694,303  | 2,975,718                     |
| 2002 Water Tower Project                        | 1,110,080  | 3,547,781                     |
| Water Main Improvement Project                  | 1,754,870  | 1,887,920                     |
| Harlan Rogers Project                           | 690,061  | 1,677,998                     |
| Verasun Engineering                             | <u>120,000</u>                                   | <u>150,000</u>                |
| Total   | \$ 9,082,036<br><u>=====</u>                     | \$ 18,254,523<br><u>=====</u> |

**(10) Deficit Balances**

As of June 30, 2004, funds with deficit balances were as follows:

|  |              |
|--|--------------|
| Business Type Activities, Sewer Fund, Total Net Assets | \$ 6,164,949 |
|--|--------------|

This deficit balance is a result of not retroactively capitalizing infrastructure assets, while recording the related debt. Under current accounting standards, the City has until the year June 30, 2007 to complete the capitalization of infrastructure assets. This deficit will be eliminated upon capitalization of all infrastructure.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**(11) Operating Leases**

- A. The City of Fort Dodge has entered into a lease agreement with the Webster County Conservation Board to lease land that the golf course is situated on. This lease is for a term of ninety-nine years commencing August 25, 1970.

This lease states in part that "For the rent of said premises the City hereby agrees to pay the said County twenty-five percent (25%) of the net profit from golf course operations or \$1.00 per year, whichever is greater. Net profit is defined as gross receipts less maintenance and operating costs and less capitalization for future replacement and/or additions or improvements to the golf course facility. Said rental is to be paid promptly without previous demand as follows: at the conclusion of the operation year after an audit has been made of the net profit from the golf course operation."

The amount paid to the Webster County Conservation Board during the year ended June 30, 2004 was \$3,845 for the prior fiscal year net income.

The lease has a supplement which states that the City of Fort Dodge will pay to the Webster County Conservation Board fifty percent (50%) of the gross cart shed rentals or \$3,000, whichever is less. The amount paid during the year ended June 30, 2004 for cart shed rent was \$3,000 for the prior fiscal year.

- B. The City entered into a lease agreement for the Senior Citizen Center. This is a five-year operating lease terminating June 30, 1997. This lease was extended for an additional five years, expiring June 30, 2002. The City renewed this lease for an additional term ending June 30, 2004. During the year ended June 30, 2004 the City spent \$11,000 for this lease.

**(12) Subsequent Event**

The City has also committed to the renovation of the Harlan Rogers Sports Complex for approximately 6.3 million dollars. The project will be financed by grant monies, issuance of bonds and private donations. As of June 30, 2004 approximately \$2,060,000 has been expended.

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2004

**(13) Restatement of Beginning Balances**

The government-wide financial statements report the City's governmental and business type activities. Beginning net assets for governmental activities has been restated to include capital assets at July 1, 2003 and deferred revenue not previously reported.

| Primary Government:                               | <u>Total</u>     |
|---|------------------|
| Governmental activities:                          |                  |
| Net assets, June 30, 2003, as previously reported | \$ 10,702,487    |
| Deferred revenue                                  | (137,376)        |
| Capital assets                                    | <u>2,232,067</u> |
|   | \$ 12,797,178    |
|   | =====            |
| Business type activities:                         | <u>Total</u>     |
| Net assets, June 30, 2003, as previously reported | \$ (6,489,827)   |
| Capital assets                                    | <u>1,975,444</u> |
| Net assets, July 1, 2003, as restated             | \$ (4,514,383)   |
|   | =====            |

## **Required Supplementary Information**

City of Fort Dodge, Iowa  
 Budgetary Comparison Schedule of  
 Receipts, Disbursements and Changes in Balances  
 Budget and Actual (Cash Basis)  
 All Governmental Funds, Proprietary Funds, and the Airport Authority  
 Required Supplementary Information  
 Year ended June 30, 2004

|   | Governmental<br><u>Fund Types</u> | Proprietary<br>Fund Type -<br><u>Enterprise</u> | Component<br>Unit - Airport<br><u>Authority</u> | <u>Total</u>      |
|---|-----------------------------------|---|---|-------------------|
| Receipts:   |                                   |   |   |                   |
| Property tax  | \$ 9,658,679                      | -   | 184,014   | 9,842,693         |
| Tax increment financing   | 775,833                           | -   | -   | 775,833           |
| Other city tax  | 1,907,649                         | -   | -   | 1,907,649         |
| Licenses and permits  | 320,867                           | -   | -   | 320,867           |
| Use of money and property   | 318,066                           | 74,509  | 158,122   | 550,697           |
| Intergovernmental   | 6,966,061                         | -   | 204,327   | 7,170,388         |
| Charges for service   | 1,068,341                         | 6,924,211                                       | 13,580  | 8,006,132         |
| Special assessments   | 6,707                             | -   | -   | 6,707             |
| Miscellaneous   | 1,077,313                         | 146,787   | 122,261   | 1,346,361         |
| Total receipts  | <u>22,099,516</u>                 | <u>7,145,507</u>                                | <u>682,304</u>                                  | <u>29,927,327</u> |
| Disbursements:  |                                   |   |   |                   |
| Public safety   | 5,252,569                         | -   | -   | 5,252,569         |
| Public works  | 3,836,948                         | -   | 424,174   | 4,261,122         |
| Health and social services  | 621,884                           | -   | -   | 621,884           |
| Culture and recreation  | 2,174,759                         | -   | -   | 2,174,759         |
| Community and economic development  | 2,988,539                         | -   | -   | 2,988,539         |
| General government  | 1,336,599                         | -   | -   | 1,336,599         |
| Debt service  | 3,692,372                         | -   | -   | 3,692,372         |
| Capital projects  | 5,013,950                         | -   | 307,721   | 5,321,671         |
| Business type activities  | -                                 | 6,332,819                                       | -   | 6,332,819         |
| Total disbursements   | <u>24,917,620</u>                 | <u>6,332,819</u>                                | <u>731,895</u>                                  | <u>31,982,334</u> |
| Excess (deficiency) of receipts over<br>(under) disbursements   | (2,818,104)                       | 812,688   | (49,591)  | (2,055,007)       |
| Other financing sources, net  | <u>674,110</u>                    | <u>(274,110)</u>                                | <u>-</u>  | <u>400,000</u>    |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (2,143,994)                       | 538,578   | (49,591)  | (1,655,007)       |
| Balances beginning of year  | <u>15,199,991</u>                 | <u>4,709,791</u>                                | <u>(89,536)</u>                                 | <u>19,820,246</u> |
| Balances end of year  | <u>\$ 13,055,997</u>              | <u>5,248,369</u>                                | <u>(139,127)</u>                                | <u>18,165,239</u> |

See accompanying independent auditor's report.

| Budgeted Amounts  |                   | Final to                  |
|-------------------|-------------------|---------------------------|
| <u>Original</u>   | <u>Final</u>      | Actual<br><u>Variance</u> |
| 9,298,975         | 9,298,975         | 543,718                   |
| 703,500           | 772,500           | 3,333                     |
| 2,052,072         | 2,052,072         | (144,423)                 |
| 321,265           | 321,265           | (398)                     |
| 482,150           | 482,150           | 68,547                    |
| 6,252,981         | 6,339,775         | 830,613                   |
| 8,008,282         | 8,401,247         | (395,115)                 |
| -                 | -                 | 6,707                     |
| 1,583,075         | 1,613,075         | (266,714)                 |
| <u>28,702,300</u> | <u>29,281,059</u> | <u>646,268</u>            |
| 5,805,924         | 5,935,424         | 682,855                   |
| 4,270,398         | 4,426,825         | 165,703                   |
| 684,850           | 767,770           | 145,886                   |
| 2,527,167         | 2,737,552         | 562,793                   |
| 4,950,043         | 5,221,436         | 2,232,897                 |
| 1,417,800         | 1,656,787         | 320,188                   |
| 1,755,015         | 3,869,657         | 177,285                   |
| 6,365,000         | 7,865,000         | 2,543,329                 |
| 6,550,133         | 6,821,634         | 488,815                   |
| <u>34,326,330</u> | <u>39,302,085</u> | <u>7,319,751</u>          |
| (5,624,030)       | (10,021,026)      | 7,966,019                 |
| <u>5,200,000</u>  | <u>8,943,858</u>  | <u>(8,543,858)</u>        |
| (424,030)         | (1,077,168)       | (577,839)                 |
| <u>14,953,549</u> | <u>14,953,549</u> | <u>4,866,697</u>          |
| <u>14,529,519</u> | <u>13,876,381</u> | <u>4,288,858</u>          |

City of Fort Dodge, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2004

|                                      | Governmental Funds   |                             |                              | Proprietary Funds |                             |                    |
|--------------------------------------|----------------------|-----------------------------|------------------------------|-------------------|-----------------------------|--------------------|
|                                      |                      |                             |                              | Enterprise        |                             |                    |
|                                      | Cash<br>Basis        | Accrual<br>Adjust-<br>ments | Modified<br>Accrual<br>Basis | Cash<br>Basis     | Accrual<br>Adjust-<br>ments | Accrual<br>Basis   |
| Revenues                             | \$ 22,099,516        | (1,628,037)                 | 20,471,479                   | 7,145,507         | (137,924)                   | 7,007,583          |
| Expenditures/Expenses                | <u>24,917,620</u>    | <u>(1,841,604)</u>          | <u>23,076,016</u>            | <u>6,332,819</u>  | <u>(417,233)</u>            | <u>5,915,586</u>   |
| Net                                  | (2,818,104)          | 213,567                     | (2,604,537)                  | 812,688           | 279,309                     | 1,091,997          |
| Other financing sources (uses) (net) | 674,110              | 60,000                      | 734,110                      | (274,110)         | -                           | (274,110)          |
| Beginning fund balances, as restated | <u>15,199,991</u>    | <u>366,073</u>              | <u>15,566,064</u>            | <u>4,709,791</u>  | <u>(9,224,174)</u>          | <u>(4,514,383)</u> |
| Ending fund balances                 | <u>\$ 13,055,997</u> | <u>639,640</u>              | <u>13,695,637</u>            | <u>5,248,369</u>  | <u>(8,944,865)</u>          | <u>(3,696,496)</u> |

|                        | Component Unit      |                        |                  |
|------------------------|---------------------|------------------------|------------------|
|                        | Airport             |                        |                  |
|                        | Cash<br>Basis       | Accrual<br>Adjustments | Accrual<br>Basis |
| Revenues               | \$ 682,304          | 81,846                 | 764,150          |
| Expenses               | <u>731,895</u>      | <u>(173,292)</u>       | <u>558,603</u>   |
| Net                    | (49,591)            | 255,138                | 205,547          |
| Beginning fund balance | <u>(89,536)</u>     | <u>1,085,224</u>       | <u>995,688</u>   |
| Ending Fund balance    | <u>\$ (139,127)</u> | <u>1,340,362</u>       | <u>1,201,235</u> |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2004

In accordance with the Code of Iowa, the City Council annually adopts a budget following

required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects fund and enterprise funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted receipts by \$578,759 and increased budgeted disbursements by \$4,975,755. These budget amendments are reflected in the final budgeted amounts.

The City of Fort Dodge prepares its budget on the cash basis. The Budgetary Comparison Schedule is a comparison of the cash basis receipts and disbursements with the budget adopted and amended by the City Council.

## **Other Supplementary Information**



City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

|  | Special Revenue   |                              |                           |
|--|-------------------|------------------------------|---------------------------|
|  | FICA/IPERS        | Health and<br>Life Insurance | Workers Comp<br>Insurance |
| <b>Assets</b>                              |                   |                              |                           |
| Cash and pooled investments                | \$ 335,331        | 1,216,603                    | 144,571                   |
| Receivables:                               |                   |                              |                           |
| Property tax:                              |                   |                              |                           |
| Delinquent                                 | 8,428             | 24,634                       | 1,800                     |
| Succeeding year                            | 396,871           | 1,489,990                    | -                         |
| Accounts                                   | -                 | -                            | -                         |
| Accrued interest                           | 499               | 1,811                        | 217                       |
| Due from other funds                       | -                 | -                            | -                         |
| Due from other governments                 | -                 | -                            | -                         |
| <b>Total assets</b>                        | <u>\$ 741,129</u> | <u>2,733,038</u>             | <u>146,588</u>            |
| <b>Liabilities and Fund Balances</b>       |                   |                              |                           |
| Liabilities:                               |                   |                              |                           |
| Warrants issued in excess of cash balances | \$ -              | -                            | -                         |
| Accounts payable                           | 39,170            | 145,425                      | 3,850                     |
| Salaries payable                           | -                 | -                            | -                         |
| Benefits payable                           | 14,725            | -                            | -                         |
| Deferred revenue:                          |                   |                              |                           |
| Succeeding year property tax               | 396,871           | 1,489,990                    | -                         |
| Other                                      | -                 | -                            | -                         |
| Total liabilities                          | <u>450,766</u>    | <u>1,635,415</u>             | <u>3,850</u>              |
| Fund equity:                               |                   |                              |                           |
| Fund balances:                             |                   |                              |                           |
| Reserved for:                              |                   |                              |                           |
| Debt service                               | -                 | -                            | -                         |
| Unreserved reported in:                    |                   |                              |                           |
| Special revenue funds                      | 290,363           | 1,097,623                    | 142,738                   |
| Capital projects fund                      | -                 | -                            | -                         |
| Total fund balances                        | <u>290,363</u>    | <u>1,097,623</u>             | <u>142,738</u>            |
| <b>Total liabilities and fund balances</b> | <u>\$ 741,129</u> | <u>2,733,038</u>             | <u>146,588</u>            |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

|  | Special Revenue             |                         |                            |                |
|--|-----------------------------|-------------------------|----------------------------|----------------|
|  | Emergency<br><u>Shelter</u> | Urban<br><u>Renewal</u> | Hotel/<br><u>Motel Tax</u> | <u>SSMID</u>   |
| <b>Assets</b>                              |                             |                         |                            |                |
| Cash and pooled investments                | \$ 1                        | 480,589                 | 8,653                      | 385,079        |
| Receivables:                               |                             |                         |                            |                |
| Property tax:                              |                             |                         |                            |                |
| Delinquent                                 | -                           | -                       | -                          | 3,889          |
| Succeeding year                            | -                           | -                       | -                          | 49,176         |
| Accounts                                   | -                           | -                       | -                          | -              |
| Accrued interest                           | -                           | 714                     | -                          | -              |
| Due from other funds                       | -                           | -                       | 12,194                     | -              |
| Due from other governments                 | <u>13,607</u>               | <u>-</u>                | <u>-</u>                   | <u>-</u>       |
| <b>Total assets</b>                        | <u>\$ 13,608</u>            | <u>481,303</u>          | <u>20,847</u>              | <u>438,144</u> |
| <b>Liabilities and Fund Balances</b>       |                             |                         |                            |                |
| Liabilities:                               |                             |                         |                            |                |
| Warrants issued in excess of cash balances | \$ -                        | -                       | -                          | -              |
| Accounts payable                           | 13,607                      | -                       | 6,792                      | 2,873          |
| Salaries payable                           | -                           | -                       | -                          | -              |
| Benefits payable                           | -                           | -                       | -                          | -              |
| Deferred revenue:                          |                             |                         |                            |                |
| Succeeding year property tax               | -                           | -                       | -                          | 49,176         |
| Other                                      | <u>-</u>                    | <u>-</u>                | <u>-</u>                   | <u>-</u>       |
| Total liabilities                          | <u>13,607</u>               | <u>-</u>                | <u>6,792</u>               | <u>52,049</u>  |
| Fund equity:                               |                             |                         |                            |                |
| Fund balances:                             |                             |                         |                            |                |
| Reserved for:                              |                             |                         |                            |                |
| Debt service                               | -                           | -                       | -                          | -              |
| Unreserved reported in:                    |                             |                         |                            |                |
| Special revenue funds                      | 1                           | 481,303                 | 14,055                     | 386,095        |
| Capital projects fund                      | <u>-</u>                    | <u>-</u>                | <u>-</u>                   | <u>-</u>       |
| Total fund balances                        | <u>1</u>                    | <u>481,303</u>          | <u>14,055</u>              | <u>386,095</u> |
| <b>Total liabilities and fund balances</b> | <u>\$ 13,608</u>            | <u>481,303</u>          | <u>20,847</u>              | <u>438,144</u> |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

|  | <u>Debt Service</u> |                | <u>Capital Projects</u> |                     |
|--|---------------------|----------------|-------------------------|---------------------|
|  | <u>Debt</u>         | Harlan Rogers  | Harlan Rogers           |                     |
|  | <u>Service</u>      | <u>Sinking</u> | <u>Complex</u>          | <u>Construction</u> |
| <b>Assets</b>                                  |                     |                |                         |                     |
| Cash and pooled investments                    | \$ 486,164          | 104,663        | 952,942                 | 224,913             |
| Receivables                                    |                     |                |                         |                     |
| Property tax:                                  |                     |                |                         |                     |
| Delinquent                                     | 31,576              | -              | -                       | -                   |
| Succeeding year                                | 1,441,143           | -              | -                       | -                   |
| Accounts                                       | -                   | -              | -                       | -                   |
| Accrued interest                               | 723                 | 1,417          | -                       | 335                 |
| Due from other funds                           | -                   | 24,380         | -                       | 512,769             |
| Due from other governments                     | -                   | -              | 233,405                 | 272,775             |
|  | <u>-</u>            | <u>-</u>       | <u>233,405</u>          | <u>272,775</u>      |
| <b>Total assets</b>                            | <u>\$ 1,959,606</u> | <u>130,460</u> | <u>1,186,347</u>        | <u>1,010,792</u>    |
| <b>Liabilities and Fund Balances</b>           |                     |                |                         |                     |
| Liabilities:                                   |                     |                |                         |                     |
| Warrants issued in excess of cash balances     | \$ -                | -              | -                       | -                   |
| Accounts payable                               | -                   | -              | 48,117                  | 104,994             |
| Salaries payable                               | -                   | -              | -                       | -                   |
| Benefits payable                               | -                   | -              | -                       | -                   |
| Deferred revenue:                              |                     |                |                         |                     |
| Succeeding year property tax                   | 1,441,143           | -              | -                       | -                   |
| Other  | -                   | -              | -                       | -                   |
| Total liabilities                              | <u>1,441,143</u>    | <u>-</u>       | <u>48,117</u>           | <u>104,994</u>      |
| Fund equity:                                   |                     |                |                         |                     |
| Fund balances:                                 |                     |                |                         |                     |
| Reserved for:                                  |                     |                |                         |                     |
| Debt service                                   | 518,463             | 130,460        | -                       | -                   |
| Unreserved reported in:                        |                     |                |                         |                     |
| Special revenue funds                          | -                   | -              | -                       | -                   |
| Capital projects fund                          | -                   | -              | 1,138,230               | 905,798             |
| Total fund balances                            | <u>518,463</u>      | <u>130,460</u> | <u>1,138,230</u>        | <u>905,798</u>      |
| <b>Total liabilities and fund balances</b>     | <u>\$ 1,959,606</u> | <u>130,460</u> | <u>1,186,347</u>        | <u>1,010,792</u>    |
| See accompanying independent auditor's report. |                     |                |                         |                     |

## Schedule 1

| Special Revenue                  |                              |                             |                           |                                  |                  |                                 |
|----------------------------------|------------------------------|-----------------------------|---------------------------|----------------------------------|------------------|---------------------------------|
| Unemployment<br><u>Insurance</u> | Special<br><u>Assessment</u> | Police<br><u>Retirement</u> | Fire<br><u>Retirement</u> | Local Option<br><u>Sales Tax</u> | <u>TIF</u>       | Community<br><u>Development</u> |
| 74,911                           | 78,999                       | 229,740                     | 256,438                   | 1,176,668                        | 1,562,101        | 368,844                         |
| 1,759                            | -                            | 6,475                       | 3,519                     | -                                | 23,059           | -                               |
| -                                | -                            | 287,483                     | 287,484                   | -                                | -                | -                               |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| 111                              | 117                          | 498                         | 712                       | -                                | -                | 2,909                           |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| <u>76,781</u>                    | <u>79,116</u>                | <u>524,196</u>              | <u>548,153</u>            | <u>1,176,668</u>                 | <u>1,585,160</u> | <u>371,753</u>                  |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| 8,802                            | -                            | 14,701                      | 12,051                    | -                                | 39,424           | -                               |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| -                                | -                            | 11,397                      | 9,742                     | -                                | -                | -                               |
| -                                | -                            | 287,483                     | 287,484                   | -                                | -                | -                               |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| <u>8,802</u>                     | <u>-</u>                     | <u>313,581</u>              | <u>309,277</u>            | <u>-</u>                         | <u>39,424</u>    | <u>-</u>                        |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| 67,979                           | 79,116                       | 210,615                     | 238,876                   | 1,176,668                        | 1,545,736        | 371,753                         |
| -                                | -                            | -                           | -                         | -                                | -                | -                               |
| <u>67,979</u>                    | <u>79,116</u>                | <u>210,615</u>              | <u>238,876</u>            | <u>1,176,668</u>                 | <u>1,545,736</u> | <u>371,753</u>                  |
| <u>76,781</u>                    | <u>79,116</u>                | <u>524,196</u>              | <u>548,153</u>            | <u>1,176,668</u>                 | <u>1,585,160</u> | <u>371,753</u>                  |

(continued)

| Special Revenue             |               |                                |                                |                        |               |                        |                             |
|-----------------------------|---------------|--------------------------------|--------------------------------|------------------------|---------------|------------------------|-----------------------------|
| <u>Library<br/>Memorial</u> | <u>RSVP</u>   | <u>Foster<br/>Grandparents</u> | <u>Other<br/>Contributions</u> | <u>Drug<br/>Arrest</u> | <u>DARE</u>   | <u>City<br/>Grants</u> | <u>Congregate<br/>Meals</u> |
| 32,584                      | 13,159        | 5,610                          | 1,099                          | 52,210                 | 11,974        | -                      | 14,206                      |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | -             | -                              | -                              | -                      | -             | 3,129                  | -                           |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | 138           | -                              | -                              | -                      | -             | 7,324                  | 6,723                       |
| <u>32,584</u>               | <u>13,297</u> | <u>5,610</u>                   | <u>1,099</u>                   | <u>52,210</u>          | <u>11,974</u> | <u>10,453</u>          | <u>20,929</u>               |
| -                           | -             | -                              | -                              | -                      | -             | 5,868                  | -                           |
| -                           | 9,946         | 6,852                          | -                              | 3,775                  | -             | 725                    | 4,530                       |
| -                           | 614           | 1,261                          | -                              | -                      | -             | -                      | 477                         |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| -                           | 10,560        | 8,113                          | -                              | 3,775                  | -             | 6,593                  | 5,007                       |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| 32,584                      | 2,737         | (2,503)                        | 1,099                          | 48,435                 | 11,974        | 3,860                  | 15,922                      |
| -                           | -             | -                              | -                              | -                      | -             | -                      | -                           |
| <u>32,584</u>               | <u>2,737</u>  | <u>(2,503)</u>                 | <u>1,099</u>                   | <u>48,435</u>          | <u>11,974</u> | <u>3,860</u>           | <u>15,922</u>               |
| <u>32,584</u>               | <u>13,297</u> | <u>5,610</u>                   | <u>1,099</u>                   | <u>52,210</u>          | <u>11,974</u> | <u>10,453</u>          | <u>20,929</u>               |

(continued)

## Schedule 1

| Capital Projects                      |  |                   |
|---------------------------------------|--|-------------------|
| <u>Capital</u><br><u>Improvements</u> | <u>Oleson Park</u><br><u>Bandshell</u> | <u>Total</u>      |
| 759,188                               | 500                                    | 8,977,740         |
| -                                     | -                                      | 105,139           |
| -                                     | -                                      | 3,952,147         |
| 1,134                                 | -                                      | 4,263             |
| -                                     | -                                      | 10,063            |
| 12,195                                | -                                      | 561,538           |
| -                                     | -                                      | 533,972           |
| <u>772,517</u>                        | <u>500</u>                             | <u>14,144,862</u> |
| -                                     | -                                      | 5,868             |
| 22,146                                | -                                      | 487,780           |
| -                                     | -                                      | 2,352             |
| -                                     | -                                      | 35,864            |
| -                                     | -                                      | 3,952,147         |
| <u>21,025</u>                         | <u>-</u>                               | <u>21,025</u>     |
| <u>43,171</u>                         | <u>-</u>                               | <u>4,505,036</u>  |
| -                                     | -                                      | 648,923           |
| -                                     | -                                      | 6,217,029         |
| <u>729,346</u>                        | <u>500</u>                             | <u>2,773,874</u>  |
| <u>729,346</u>                        | <u>500</u>                             | <u>9,639,826</u>  |
| <u>772,517</u>                        | <u>500</u>                             | <u>14,144,862</u> |

City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2004

|   | Special Revenue   |                     |               |
|---|-------------------|---------------------|---------------|
|   | SSMID             | Library<br>Memorial | RSVP          |
| Revenues:   |                   |                     |               |
| Property tax  | \$ 51,026         | -                   | -             |
| Tax increment financing collections   | -                 | -                   | -             |
| Other city tax  | -                 | -                   | -             |
| Use of money and property   | 8,052             | -                   | -             |
| Intergovernmental   | -                 | -                   | 28,073        |
| Charges for service   | -                 | -                   | -             |
| Miscellaneous   | 11,000            | 33,444              | 383           |
| Total revenues  | <u>70,078</u>     | <u>33,444</u>       | <u>28,456</u> |
| Expenditures:   |                   |                     |               |
| Operating:  |                   |                     |               |
| Public safety   | -                 | -                   | -             |
| Public works  | -                 | -                   | -             |
| Health and social services  | -                 | -                   | 32,935        |
| Culture and recreation  | -                 | 22,539              | -             |
| Community and economic development  | 32,483            | -                   | -             |
| General government  | -                 | -                   | -             |
| Debt service  | -                 | -                   | -             |
| Capital projects  | -                 | -                   | -             |
| Total expenditures  | <u>32,483</u>     | <u>22,539</u>       | <u>32,935</u> |
| Excess (deficiency) of revenues over (under) expenditures   | 37,595            | 10,905              | (4,479)       |
| Other financing sources (uses):   |                   |                     |               |
| Bond proceeds   | -                 | -                   | -             |
| Operating transfers in  | 26,870            | -                   | 960           |
| Operating transfers out   | (2,000)           | -                   | -             |
| Total other financing sources (uses)  | <u>24,870</u>     | <u>-</u>            | <u>960</u>    |
| Excess (deficiency) of revenues and other financing sources<br>over (under) expenditures and other financing uses | 62,465            | 10,905              | (3,519)       |
| Fund balances beginning of year   | <u>323,630</u>    | <u>21,679</u>       | <u>6,256</u>  |
| Fund balances end of year   | <u>\$ 386,095</u> | <u>32,584</u>       | <u>2,737</u>  |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2004

|   | Special Revenue                 |                             |                         |
|---|---------------------------------|-----------------------------|-------------------------|
|   | Community<br><u>Development</u> | Emergency<br><u>Shelter</u> | Urban<br><u>Renewal</u> |
| Revenues:   |                                 |                             |                         |
| Property tax  | \$ -                            | -                           | -                       |
| Tax increment financing collections   | -                               | -                           | -                       |
| Other city tax  | -                               | -                           | -                       |
| Use of money and property   | 6,887                           | -                           | 10,427                  |
| Intergovernmental   | 10,039                          | 114,634                     | -                       |
| Charges for service   | -                               | -                           | -                       |
| Miscellaneous   | 265,844                         | -                           | -                       |
| Total revenues  | <u>282,770</u>                  | <u>114,634</u>              | <u>10,427</u>           |
| Expenditures:   |                                 |                             |                         |
| Operating:  |                                 |                             |                         |
| Public safety   | -                               | -                           | -                       |
| Public works  | -                               | -                           | -                       |
| Health and social services  | -                               | 114,634                     | -                       |
| Culture and recreation  | -                               | -                           | -                       |
| Community and economic development  | 402,312                         | -                           | 65,894                  |
| General government  | -                               | -                           | -                       |
| Debt service  | -                               | -                           | -                       |
| Capital projects  | -                               | -                           | -                       |
| Total expenditures  | <u>402,312</u>                  | <u>114,634</u>              | <u>65,894</u>           |
| Excess (deficiency) of revenues over (under) expenditures   | (119,542)                       | -                           | (55,467)                |
| Other financing sources (uses):   |                                 |                             |                         |
| Bond proceeds   | -                               | -                           | -                       |
| Operating transfers in  | -                               | -                           | -                       |
| Operating transfers out   | -                               | -                           | -                       |
| Total other financing sources (uses)  | <u>-</u>                        | <u>-</u>                    | <u>-</u>                |
| Excess (deficiency) of revenues and other financing sources<br>over (under) expenditures and other financing uses | (119,542)                       | -                           | (55,467)                |
| Fund balances beginning of year   | <u>491,295</u>                  | <u>1</u>                    | <u>536,770</u>          |
| Fund balances end of year   | <u>\$ 371,753</u>               | <u>1</u>                    | <u>481,303</u>          |

See accompanying independent auditor's report.



City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2004

|   | Special Revenue             |                       |                            |
|---|-----------------------------|-----------------------|----------------------------|
|   | Police<br><u>Retirement</u> | City<br><u>Grants</u> | Congregate<br><u>Meals</u> |
| Revenues:   |                             |                       |                            |
| Property tax  | \$ 368,065                  | -                     | -                          |
| Tax increment financing collections   | -                           | -                     | -                          |
| Other city tax  | -                           | -                     | -                          |
| Use of money and property   | 10,821                      | -                     | 8                          |
| Intergovernmental   | -                           | 215,948               | 137,951                    |
| Charges for service   | -                           | -                     | -                          |
| Miscellaneous   | -                           | -                     | -                          |
| Total revenues  | <u>378,886</u>              | <u>215,948</u>        | <u>137,959</u>             |
| Expenditures:   |                             |                       |                            |
| Operating:  |                             |                       |                            |
| Public safety   | 361,652                     | -                     | -                          |
| Public works  | -                           | -                     | -                          |
| Health and social services  | -                           | 30,033                | 138,052                    |
| Culture and recreation  | -                           | 2,836                 | -                          |
| Community and economic development  | -                           | 194,728               | -                          |
| General government  | -                           | -                     | -                          |
| Debt service  | -                           | -                     | -                          |
| Capital projects  | -                           | -                     | -                          |
| Total expenditures  | <u>361,652</u>              | <u>227,597</u>        | <u>138,052</u>             |
| Excess (deficiency) of revenues over (under) expenditures   | 17,234                      | (11,649)              | (93)                       |
| Other financing sources (uses):   |                             |                       |                            |
| Bond proceeds   | -                           | -                     | -                          |
| Operating transfers in  | -                           | -                     | -                          |
| Operating transfers out   | -                           | -                     | -                          |
| Total other financing sources (uses)  | <u>-</u>                    | <u>-</u>              | <u>-</u>                   |
| Excess (deficiency) of revenues and other financing sources<br>over (under) expenditures and other financing uses | 17,234                      | (11,649)              | (93)                       |
| Fund balances beginning of year   | <u>193,381</u>              | <u>15,509</u>         | <u>16,015</u>              |
| Fund balances end of year   | <u>\$ 210,615</u>           | <u>3,860</u>          | <u>15,922</u>              |

See accompanying independent auditor's report.

## Schedule 2

| <u>Drug<br/>Arrest</u> | <u>DARE</u>   | <u>Fire<br/>Retirement</u> | <u>Local Option<br/>Sales Tax</u> | <u>TIF</u>       |
|------------------------|---------------|----------------------------|-----------------------------------|------------------|
| -                      | -             | 200,034                    | -                                 | -                |
| -                      | -             | -                          | -                                 | 793,770          |
| -                      | -             | -                          | 1,452,952                         | -                |
| -                      | -             | 9,361                      | -                                 | 18,780           |
| 10,442                 | -             | -                          | -                                 | 350,000          |
| -                      | -             | -                          | -                                 | -                |
| -                      | 50            | -                          | 19,424                            | 36,616           |
| <u>10,442</u>          | <u>50</u>     | <u>209,395</u>             | <u>1,472,376</u>                  | <u>1,199,166</u> |
| 58,044                 | -             | 263,965                    | -                                 | -                |
| -                      | -             | -                          | 687,947                           | -                |
| -                      | -             | -                          | -                                 | -                |
| -                      | -             | -                          | -                                 | -                |
| -                      | -             | -                          | -                                 | 1,851,736        |
| -                      | -             | -                          | -                                 | -                |
| -                      | -             | -                          | -                                 | -                |
| -                      | -             | -                          | -                                 | -                |
| <u>58,044</u>          | <u>-</u>      | <u>263,965</u>             | <u>687,947</u>                    | <u>1,851,736</u> |
| (47,602)               | 50            | (54,570)                   | 784,429                           | (652,570)        |
| -                      | -             | -                          | -                                 | 400,000          |
| 37,075                 | -             | -                          | -                                 | 150,000          |
| -                      | -             | -                          | -                                 | (66,870)         |
| <u>37,075</u>          | <u>-</u>      | <u>-</u>                   | <u>-</u>                          | <u>483,130</u>   |
| (10,527)               | 50            | (54,570)                   | 784,429                           | (169,440)        |
| <u>58,962</u>          | <u>11,924</u> | <u>293,446</u>             | <u>392,239</u>                    | <u>1,715,176</u> |
| <u>48,435</u>          | <u>11,974</u> | <u>238,876</u>             | <u>1,176,668</u>                  | <u>1,545,736</u> |

(continued)

## Schedule 2

| <u>FICA/IPERS</u> | <u>Health and<br/>Life Insurance</u> | <u>Workers<br/>Comp Insurance</u> | <u>Unemployment<br/>Insurance</u> | <u>Special<br/>Assessment</u> |
|-------------------|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| 479,082           | 1,400,241                            | 102,337                           | 100,018                           | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| 5,679             | 24,042                               | 2,340                             | 925                               | 1,657                         |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| 15,601            | 154,980                              | 417                               | -                                 | -                             |
| <u>500,362</u>    | <u>1,579,263</u>                     | <u>105,094</u>                    | <u>100,943</u>                    | <u>1,657</u>                  |
| 58,182            | 844,808                              | 15,691                            | 4,039                             | -                             |
| 158,614           | 277,003                              | 52,079                            | 9,664                             | -                             |
| 17,656            | 36,839                               | -                                 | -                                 | -                             |
| 129,741           | 231,345                              | 21,700                            | 26,161                            | -                             |
| 37,431            | 49,112                               | -                                 | -                                 | -                             |
| 43,443            | 155,350                              | 11,284                            | 159                               | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| <u>445,067</u>    | <u>1,594,457</u>                     | <u>100,754</u>                    | <u>40,023</u>                     | <u>-</u>                      |
| 55,295            | (15,194)                             | 4,340                             | 60,920                            | 1,657                         |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| -                 | -                                    | -                                 | -                                 | -                             |
| 55,295            | (15,194)                             | 4,340                             | 60,920                            | 1,657                         |
| <u>235,068</u>    | <u>1,112,817</u>                     | <u>138,398</u>                    | <u>7,059</u>                      | <u>77,459</u>                 |
| <u>290,363</u>    | <u>1,097,623</u>                     | <u>142,738</u>                    | <u>67,979</u>                     | <u>79,116</u>                 |

(continued)

## Schedule 2

| Debt Service        |                       | Capital Projects             |                             |                     |                              | Totals            |
|---------------------|-----------------------|------------------------------|-----------------------------|---------------------|------------------------------|-------------------|
| <u>Debt Service</u> | <u>Harlan Sinking</u> | <u>Harlan Rogers Complex</u> | <u>Capital Improvements</u> | <u>Construction</u> | <u>Oleson Park Bandshell</u> |                   |
| 1,662,251           | -                     | -                            | -                           | -                   | -                            | 4,363,054         |
| -                   | -                     | -                            | -                           | -                   | -                            | 793,770           |
| 93,472              | -                     | -                            | -                           | -                   | -                            | 1,546,424         |
| 79,560              | 32,329                | -                            | -                           | 2,777               | -                            | 213,645           |
| -                   | -                     | 364,625                      | 31,925                      | 1,430,420           | -                            | 2,885,270         |
| -                   | -                     | -                            | 124,129                     | -                   | -                            | 124,129           |
| -                   | -                     | 51,800                       | 56,129                      | 16,593              | 10,500                       | 674,972           |
| <u>1,835,283</u>    | <u>32,329</u>         | <u>416,425</u>               | <u>212,183</u>              | <u>1,449,790</u>    | <u>10,500</u>                | <u>10,601,264</u> |
| -                   | -                     | -                            | 44,181                      | -                   | -                            | 1,650,562         |
| -                   | -                     | -                            | 89,028                      | -                   | -                            | 1,274,335         |
| -                   | -                     | -                            | 4,502                       | -                   | -                            | 569,740           |
| -                   | -                     | -                            | 218,313                     | -                   | -                            | 696,318           |
| -                   | -                     | -                            | -                           | -                   | -                            | 2,633,696         |
| -                   | -                     | -                            | 13,702                      | -                   | -                            | 223,938           |
| 3,560,521           | 78,406                | -                            | -                           | -                   | -                            | 3,638,927         |
| -                   | -                     | 1,006,323                    | -                           | 2,049,899           | 10,000                       | 3,066,222         |
| <u>3,560,521</u>    | <u>78,406</u>         | <u>1,006,323</u>             | <u>369,726</u>              | <u>2,049,899</u>    | <u>10,000</u>                | <u>13,753,738</u> |
| (1,725,238)         | (46,077)              | (589,898)                    | (157,543)                   | (600,109)           | 500                          | (3,152,474)       |
| -                   | -                     | -                            | -                           | -                   | -                            | 400,000           |
| -                   | 112,703               | 56,125                       | 155,065                     | -                   | -                            | 587,778           |
| -                   | -                     | -                            | (24,627)                    | -                   | -                            | (111,847)         |
| <u>-</u>            | <u>112,703</u>        | <u>56,125</u>                | <u>130,438</u>              | <u>-</u>            | <u>-</u>                     | <u>875,931</u>    |
| (1,725,238)         | 66,626                | (533,773)                    | (27,105)                    | (600,109)           | 500                          | (2,276,543)       |
| <u>2,243,701</u>    | <u>63,834</u>         | <u>1,672,003</u>             | <u>756,451</u>              | <u>1,505,907</u>    | <u>-</u>                     | <u>11,916,369</u> |
| <u>518,463</u>      | <u>130,460</u>        | <u>1,138,230</u>             | <u>729,346</u>              | <u>905,798</u>      | <u>500</u>                   | <u>9,639,826</u>  |

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Proprietary Funds  
June 30, 2004

|  | <u>Business-Type Activities</u> |                        |
|--|---------------------------------|------------------------|
|  | <u>Parking<br/>Meter</u>        | <u>Solid<br/>Waste</u> |
| <b>Assets</b>                                    |                                 |                        |
| Cash and pooled investments                      | \$ 97,810                       | 126,090                |
| Accounts receivable                              | 15,060                          | 74,520                 |
| Interest receivable                              | 146                             | 199                    |
| Restricted assets:                               |                                 |                        |
| Cash and cash equivalents                        | -                               | -                      |
| Capital assets (net of accumulated depreciation) | <u>148,892</u>                  | <u>148,110</u>         |
| <b>Total assets</b>                              | <u>261,908</u>                  | <u>348,919</u>         |
| <b>Liabilities</b>                               |                                 |                        |
| Accounts payable                                 | 1,359                           | 22,865                 |
| Salaries payable                                 | 1,077                           | 10,274                 |
| Compensated absences                             | -                               | 14,599                 |
| Early retirement                                 | 3,372                           | 3,372                  |
| Benefits payable                                 | 144                             | 3,330                  |
| Payable from restricted assets:                  |                                 |                        |
| Consumer deposits                                | -                               | -                      |
| Long-term liabilities:                           |                                 |                        |
| Early retirement                                 | <u>1,118</u>                    | <u>7,853</u>           |
| <b>Total liabilities</b>                         | <u>7,070</u>                    | <u>62,293</u>          |
| <b>Net assets</b>                                |                                 |                        |
| Invested in capital assets, net of related debt  | 148,892                         | 148,110                |
| Unrestricted                                     | <u>105,946</u>                  | <u>138,516</u>         |
| <b>Total net assets</b>                          | <u>\$ 254,838</u>               | <u>286,626</u>         |

See accompanying independent auditor's report.

| <u>Business-Type Activities</u> |                           |                              |                  |
|---------------------------------|---------------------------|------------------------------|------------------|
| <u>Beverage</u>                 | <u>Central<br/>Garage</u> | <u>Consumer<br/>Deposits</u> | <u>Total</u>     |
| 12,232                          | 89,907                    | -                            | 326,039          |
| -                               | 23                        | -                            | 89,603           |
| -                               | -                         | -                            | 345              |
| -                               | -                         | 158,881                      | 158,881          |
| -                               | 492,119                   | -                            | 789,121          |
| <u>12,232</u>                   | <u>582,049</u>            | <u>158,881</u>               | <u>1,363,989</u> |
| -                               | 3,547                     | -                            | 27,771           |
| -                               | -                         | -                            | 11,351           |
| -                               | -                         | -                            | 14,599           |
| -                               | -                         | -                            | 6,744            |
| -                               | -                         | -                            | 3,474            |
| -                               | -                         | 158,881                      | 158,881          |
| -                               | -                         | -                            | 8,971            |
| -                               | 3,547                     | 158,881                      | 231,791          |
| -                               | 492,119                   | -                            | 789,121          |
| <u>12,232</u>                   | <u>86,383</u>             | <u>-</u>                     | <u>343,077</u>   |
| <u>12,232</u>                   | <u>578,502</u>            | <u>-</u>                     | <u>1,132,198</u> |

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2004

|   | <u>Business-Type Activities</u> |                  |
|---|---------------------------------|------------------|
|   | <u>Parking</u>                  | <u>Solid</u>     |
|   | <u>Meter</u>                    | <u>Waste</u>     |
| Operating revenues:                                 |                                 |                  |
| Charges for services                                | \$ 112,458                      | 849,559          |
| Miscellaneous                                       | -                               | 765              |
| Total operating revenues                            | <u>112,458</u>                  | <u>850,324</u>   |
| Operating expenses:                                 |                                 |                  |
| Business type activities:                           |                                 |                  |
| Cost of sales and services                          | 69,632                          | 685,940          |
| Depreciation  | <u>15,391</u>                   | <u>50,989</u>    |
| Total operating expenses                            | <u>85,023</u>                   | <u>736,929</u>   |
| Operating income (loss)                             | <u>27,435</u>                   | <u>113,395</u>   |
| Nonoperating revenues:                              |                                 |                  |
| Interest and investment revenue                     | 1,569                           | 1,469            |
| Miscellaneous revenue                               | <u>-</u>                        | <u>-</u>         |
| Total nonoperating revenue                          | <u>1,569</u>                    | <u>1,469</u>     |
| Net income (loss) before transfers                  | 29,004                          | 114,864          |
| Transfers (out) in                                  | <u>1,717</u>                    | <u>(111,193)</u> |
| Change in net assets                                | 30,721                          | 3,671            |
| Net assets beginning of year, as restated note (13) | <u>224,117</u>                  | <u>282,955</u>   |
| Net assets end of year                              | <u>\$ 254,838</u>               | <u>286,626</u>   |

See accompanying independent auditor's report.

| <u>Business-Type Activities</u> |                           |                  |
|---------------------------------|---------------------------|------------------|
| <u>Beverage</u>                 | <u>Central<br/>Garage</u> | <u>Total</u>     |
| 170,620                         | 26,539                    | 1,159,176        |
| -                               | -                         | 765              |
| <u>170,620</u>                  | <u>26,539</u>             | <u>1,159,941</u> |
| 169,254                         | 75,378                    | 1,000,204        |
| -                               | 27,855                    | 94,235           |
| <u>169,254</u>                  | <u>103,233</u>            | <u>1,094,439</u> |
| <u>1,366</u>                    | <u>(76,694)</u>           | <u>65,502</u>    |
| -                               | -                         | 3,038            |
| -                               | -                         | -                |
| <u>-</u>                        | <u>-</u>                  | <u>3,038</u>     |
| 1,366                           | (76,694)                  | 68,540           |
| -                               | 107,080                   | (2,396)          |
| <u>1,366</u>                    | <u>30,386</u>             | <u>66,144</u>    |
| <u>10,866</u>                   | <u>548,116</u>            | <u>1,066,054</u> |
| <u>12,232</u>                   | <u>578,502</u>            | <u>1,132,198</u> |



City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2004

|  | <u>Business-Type Activities</u> |                        |
|--|---------------------------------|------------------------|
|  | <u>Parking<br/>Meter</u>        | <u>Solid<br/>Waste</u> |
| <b>Cash flows from operating activities</b>                          |                                 |                        |
| Receipts from customers  | \$ 104,031                      | 843,261                |
| Payments to suppliers and employees                                  | (64,202)                        | (669,944)              |
| Other receipts   | <u>-</u>                        | <u>765</u>             |
| Net cash provided (used) by operating activities                     | <u>39,829</u>                   | <u>174,082</u>         |
| <b>Cash flows from noncapital financing activities</b>               |                                 |                        |
| Transfers to other funds   | -                               | (111,193)              |
| Transfers from other funds   | <u>1,717</u>                    | <u>-</u>               |
| Net cash provided (used) in noncapital financing activities          | <u>1,717</u>                    | <u>(111,193)</u>       |
| <b>Cash flows from capital and related financing activities</b>      |                                 |                        |
| Purchases of capital assets  | <u>-</u>                        | <u>(13,600)</u>        |
| Net cash provided (used) by capital and related financing activities | <u>-</u>                        | <u>(13,600)</u>        |
| <b>Cash flows from investing activities</b>                          |                                 |                        |
| Interest and dividends   | <u>1,505</u>                    | <u>1,395</u>           |
| Net cash provided by investing activities                            | <u>1,505</u>                    | <u>1,395</u>           |
| Net increase (decrease) in cash and cash equivalents                 | 43,051                          | 50,684                 |
| Cash and cash equivalents - beginning of year                        | <u>54,759</u>                   | <u>75,406</u>          |
| Cash and cash equivalents - end of year                              | <u>\$ 97,810</u>                | <u>126,090</u>         |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2004

|  | <u>Business-Type Activities</u> |                        |
|--|---------------------------------|------------------------|
|  | <u>Parking<br/>Meter</u>        | <u>Solid<br/>Waste</u> |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided (used) by operating activities</b>                           |                                 |                        |
| Operating income (loss)  | \$ 27,435                       | 113,395                |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities:                                  |                                 |                        |
| Depreciation expense   | 15,391                          | 50,989                 |
| Change in assets and liabilities:  |                                 |                        |
| Receivables, net   | (8,427)                         | (6,298)                |
| Consumer deposits  | -                               | -                      |
| Accounts and other payables  | 5,430                           | 26,606                 |
| Accrued expenses   | -                               | (10,610)               |
| Net cash provided by operating activities  | <u>39,829</u>                   | <u>174,082</u>         |
| <b>Reconciliation of cash and cash equivalents<br/>at year end to specific assets included on<br/>the Statement of Net Assets:</b> |                                 |                        |
| Current assets:  |                                 |                        |
| Cash and pooled investments  | 97,810                          | 126,090                |
| Noncurrent assets:   |                                 |                        |
| Restricted cash and pooled investments   | <u>-</u>                        | <u>-</u>               |
| Cash and cash equivalents at year end  | <u>\$ 97,810</u>                | <u>126,090</u>         |

See accompanying independent auditor's report.

| <u>Business-Type Activities</u> |                           |                              |                 |
|---------------------------------|---------------------------|------------------------------|-----------------|
| <u>Beverage</u>                 | <u>Central<br/>Garage</u> | <u>Consumer<br/>Deposits</u> | <u>Total</u>    |
| 170,620                         | 26,516                    | 61,505                       | 1,205,933       |
| (169,254)                       | (107,755)                 | (47,611)                     | (1,058,766)     |
| <u>-</u>                        | <u>-</u>                  | <u>-</u>                     | <u>765</u>      |
| <u>1,366</u>                    | <u>(81,239)</u>           | <u>13,894</u>                | <u>147,932</u>  |
| -                               | -                         | -                            | (111,193)       |
| <u>-</u>                        | <u>107,080</u>            | <u>-</u>                     | <u>108,797</u>  |
| <u>-</u>                        | <u>107,080</u>            | <u>-</u>                     | <u>(2,396)</u>  |
| -                               | (6,626)                   | -                            | (20,226)        |
| <u>-</u>                        | <u>(6,626)</u>            | <u>-</u>                     | <u>(20,226)</u> |
| <u>-</u>                        | <u>-</u>                  | <u>-</u>                     | <u>2,900</u>    |
| <u>-</u>                        | <u>-</u>                  | <u>-</u>                     | <u>2,900</u>    |
| 1,366                           | 19,215                    | 13,894                       | 128,210         |
| <u>10,866</u>                   | <u>70,692</u>             | <u>144,987</u>               | <u>356,710</u>  |
| <u>12,232</u>                   | <u>89,907</u>             | <u>158,881</u>               | <u>484,920</u>  |

(continued)

| <u>Business-Type Activities</u> |                           |                              |                |
|---------------------------------|---------------------------|------------------------------|----------------|
| <u>Beverage</u>                 | <u>Central<br/>Garage</u> | <u>Consumer<br/>Deposits</u> | <u>Total</u>   |
| 1,366                           | (76,694)                  | -                            | 65,502         |
| -                               | 27,855                    | -                            | 94,235         |
| -                               | (23)                      | -                            | (14,748)       |
| -                               | -                         | 13,894                       | 13,894         |
| -                               | (32,377)                  | -                            | (341)          |
| -                               | -                         | -                            | (10,610)       |
| <u>1,366</u>                    | <u>(81,239)</u>           | <u>13,894</u>                | <u>147,932</u> |
| 12,232                          | 89,907                    | -                            | 326,039        |
| <u>-</u>                        | <u>-</u>                  | <u>158,881</u>               | <u>158,881</u> |
| <u>12,232</u>                   | <u>89,907</u>             | <u>158,881</u>               | <u>484,920</u> |

## Bond Maturities - General Obligation Bonds

June 30, 2004

General Obligation Bonds

| Year Ending<br><u>June 30,</u> | <u>Corporate Purpose</u><br><u>Issued May 28, 2003</u> |                     | <u>Corporate Purpose</u><br><u>Issued June 1, 1999</u> |                     |
|--------------------------------|--|---------------------|--|---------------------|
|                                | Interest   |                     | Interest   |                     |
|                                | <u>Rates</u>   | <u>Amount</u>       | <u>Rates</u>   | <u>Amount</u>       |
| 2005                           | 2.00%  | \$ 180,000          | 4.10%  | \$ 450,000          |
| 2006                           | 2.00%  | 185,000             | 4.15%  | 470,000             |
| 2007                           | 2.00%  | 190,000             | 4.25%  | 495,000             |
| 2008                           | 2.00%  | 195,000             | 4.375%   | 510,000             |
| 2009                           | 2.50%  | 200,000             | 4.45%  | 540,000             |
| 2010                           | 3.05%  | 205,000             | 4.50%  | 190,000             |
| 2011                           | 3.15%  | 215,000             | 4.50%  | 200,000             |
| 2012                           | 3.30%  | 220,000             | 4.50%  | 210,000             |
| 2013                           | 3.40%  | 225,000             | 4.50%  | 220,000             |
| 2014                           | 3.50%  | 235,000             | 4.60%  | 235,000             |
| Total                          |  | <u>\$ 2,050,000</u> |  | <u>\$ 3,520,000</u> |

| Year Ending<br>June 30, | Refunding Bonds     |                     |                     |
|-------------------------|---------------------|---------------------|---------------------|
|                         | Issued May 28, 2003 |                     |                     |
|                         | Interest            |                     |                     |
|                         | <u>Rates</u>        | <u>Amount</u>       | <u>Total</u>        |
| 2005                    | 2.00%               | \$ 645,000          | \$ 1,275,000        |
| 2006                    | 2.00%               | 625,000             | 1,280,000           |
| 2007                    | 2.00%               | 340,000             | 1,025,000           |
| 2008                    | 2.35%               | 260,000             | 965,000             |
| 2009                    |                     | -                   | 740,000             |
| 2010                    |                     | -                   | 395,000             |
| 2011                    |                     | -                   | 415,000             |
| 2012                    |                     | -                   | 430,000             |
| 2013                    |                     | -                   | 445,000             |
| 2014                    |                     | -                   | 470,000             |
|                         | Total               | <u>\$ 1,870,000</u> | <u>\$ 7,440,000</u> |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2004

| Revenue Bonds   | Water Revenue Bond  |                   | Sewer Bond Issue   |                   |
|-----------------|---------------------|-------------------|--------------------|-------------------|
|                 | Issued June 1, 1998 |                   | Issued Dec 4, 1989 |                   |
| Year Ending     | Interest            |                   | Interest           |                   |
| <u>June 30,</u> | <u>Rates</u>        | <u>Amount</u>     | <u>Rates</u>       | <u>Amount</u>     |
| 2005            | 4.30%               | \$ 190,000        | 5.02%              | \$ 85,000         |
| 2006            | 4.30%               | 200,000           | 5.02%              | 90,000            |
| 2007            | 4.30%               | 210,000           | 5.02%              | 95,000            |
| 2008            | 4.375%              | 220,000           | 5.02%              | 100,000           |
| 2009            |                     | -                 | 5.02%              | 105,000           |
| 2010            |                     | -                 | 5.02%              | 110,000           |
| 2011            |                     | -                 | 5.02%              | 115,000           |
|                 | Total               | <u>\$ 820,000</u> |                    | <u>\$ 700,000</u> |

  

|                 | Sewer Bond Issue    |                   | Sewer Bond Issue    |                     |
|-----------------|---------------------|-------------------|---------------------|---------------------|
|                 | Issued Sep 30, 1999 |                   | Issued Sep 30, 1999 |                     |
| Year Ending     | Interest            |                   | Interest            |                     |
| <u>June 30,</u> | <u>Rates</u>        | <u>Amount</u>     | <u>Rates</u>        | <u>Amount</u>       |
| 2005            | 3.92%               | \$ 9,000          | 3.92%               | \$ 371,000          |
| 2006            | 3.92%               | 9,000             | 3.92%               | 385,000             |
| 2007            | 3.92%               | 10,000            | 3.92%               | 401,000             |
| 2008            | 3.92%               | 10,000            | 3.92%               | 416,000             |
| 2009            | 3.92%               | 10,000            | 3.92%               | 433,000             |
| 2010            | 3.92%               | 11,000            | 3.92%               | 450,000             |
| 2011            | 3.92%               | 11,000            | 3.92%               | 467,000             |
| 2012            | 3.92%               | 12,000            | 3.92%               | 485,000             |
| 2013            | 3.92%               | 12,000            | 3.92%               | 505,000             |
| 2014            | 3.92%               | 13,000            | 3.92%               | 524,000             |
| 2015            | 3.92%               | 13,000            | 3.92%               | 545,000             |
| 2016            | 3.92%               | 14,000            | 3.92%               | 566,000             |
| 2017            | 3.92%               | 14,000            | 3.92%               | 588,000             |
| 2018            | 3.92%               | 15,000            | 3.92%               | 611,000             |
| 2019            | 3.92%               | 15,000            | 3.92%               | 635,000             |
| 2020            | 3.92%               | 16,000            | 3.92%               | 660,000             |
| 2021            | 3.92%               | 16,000            | 3.92%               | 686,000             |
| 2022            | 3.92%               | 17,000            | 3.92%               | 713,000             |
| 2023            |                     | -                 |                     | -                   |
|                 | Total               | <u>\$ 227,000</u> |                     | <u>\$ 9,441,000</u> |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Bond Maturities, Revenue Bonds  
June 30, 2004

| Year Ending<br>June 30, | Sewer Bond Issue     |                     | Water Bond Issue    |                   |
|-------------------------|----------------------|---------------------|---------------------|-------------------|
|                         | Issued June 30, 2002 |                     | Issued Dec 12, 2003 |                   |
|                         | Interest<br>Rates    | Amount              | Interest<br>Rates   | Amount            |
| 2005                    | 3.00%                | \$ 52,000           | 3.00%               | \$ 130,000        |
| 2006                    | 3.00%                | 54,000              | 3.00%               | 134,000           |
| 2007                    | 3.00%                | 56,000              | 3.00%               | 138,000           |
| 2008                    | 3.00%                | 57,000              | 3.00%               | 142,000           |
| 2009                    | 3.00%                | 59,000              | 3.00%               | 147,000           |
| 2010                    | 3.00%                | 61,000              | 3.00%               | 107,440           |
| 2011                    | 3.00%                | 63,000              |                     | -                 |
| 2012                    | 3.00%                | 65,000              |                     | -                 |
| 2013                    | 3.00%                | 67,000              |                     | -                 |
| 2014                    | 3.00%                | 69,000              |                     | -                 |
| 2015                    | 3.00%                | 71,000              |                     | -                 |
| 2016                    | 3.00%                | 73,000              |                     | -                 |
| 2017                    | 3.00%                | 75,000              |                     | -                 |
| 2018                    | 3.00%                | 73,000              |                     | -                 |
| 2019                    | 3.00%                | 79,000              |                     | -                 |
| 2020                    | 3.00%                | 59,179              |                     | -                 |
| 2021                    | -                    | -                   |                     | -                 |
| 2022                    | -                    | -                   |                     | -                 |
| 2023                    | -                    | -                   |                     | -                 |
|                         | Total                | <u>\$ 1,033,179</u> |                     | <u>\$ 798,440</u> |

See accompanying independent auditor's report.

| Sewer Bond Issue    |                     | Hotel/Motel Tax Revenue Bond |                     |
|---------------------|---------------------|------------------------------|---------------------|
| Issued Dec 20, 2001 |                     | Issued June 1, 2003          |                     |
| Interest            |                     | Interest                     |                     |
| <u>Rates</u>        | <u>Amount</u>       | <u>Rates</u>                 | <u>Amount</u>       |
| 3.00%               | \$ 142,000          | 3.00%                        | \$ 60,000           |
| 3.00%               | 146,000             | 3.00%                        | 60,000              |
| 3.00%               | 151,000             | 3.00%                        | 65,000              |
| 3.00%               | 155,000             | 3.80%                        | 70,000              |
| 3.00%               | 160,000             | 4.00%                        | 70,000              |
| 3.00%               | 165,000             | 4.00%                        | 75,000              |
| 3.00%               | 170,000             | 4.00%                        | 75,000              |
| 3.00%               | 175,000             | 4.00%                        | 80,000              |
| 3.00%               | 180,000             | 4.00%                        | 85,000              |
| 3.00%               | 185,000             | 3.60%                        | 85,000              |
| 3.00%               | 191,000             | 3.75%                        | 90,000              |
| 3.00%               | 196,000             | 3.85%                        | 95,000              |
| 3.00%               | 202,000             | 3.95%                        | 100,000             |
| 3.00%               | 208,000             | 4.00%                        | 105,000             |
| 3.00%               | 215,000             | 4.00%                        | 105,000             |
| 3.00%               | 221,000             | 4.05%                        | 110,000             |
| 3.00%               | 228,000             | 4.10%                        | 115,000             |
| 3.00%               | 111,681             | 4.15%                        | 125,000             |
|                     | -                   | 4.15%                        | 130,000             |
|                     | <u>\$ 3,201,681</u> |                              | <u>\$ 1,700,000</u> |

(continued)



| Water Bond Issue    |                  | Urban Renewal Tax Increment      |                   |                      |
|---------------------|------------------|----------------------------------|-------------------|----------------------|
| Issued June 1, 2004 |                  | Revenue Bond Issued Dec 17, 2003 |                   |                      |
| Interest            |                  | Interest                         |                   |                      |
| <u>Rates</u>        | <u>Amount</u>    | <u>Rates</u>                     | <u>Amount</u>     | <u>Total</u>         |
| 3.00%               | \$ 51,330        | 1.60%                            | \$ 40,000         | \$ 1,130,330         |
| -                   | -                | 2.00%                            | 40,000            | 1,118,000            |
| -                   | -                | 2.35%                            | 40,000            | 1,166,000            |
| -                   | -                | 2.75%                            | 40,000            | 1,210,000            |
| -                   | -                | 3.15%                            | 40,000            | 1,024,000            |
| -                   | -                | 3.45%                            | 40,000            | 1,019,440            |
| -                   | -                | 3.80%                            | 40,000            | 941,000              |
| -                   | -                | 4.10%                            | 40,000            | 857,000              |
| -                   | -                | 4.30%                            | 40,000            | 889,000              |
| -                   | -                | 4.50%                            | 20,000            | 896,000              |
| -                   | -                | -                                | -                 | 910,000              |
| -                   | -                | -                                | -                 | 944,000              |
| -                   | -                | -                                | -                 | 979,000              |
| -                   | -                | -                                | -                 | 1,012,000            |
| -                   | -                | -                                | -                 | 1,049,000            |
| -                   | -                | -                                | -                 | 1,066,179            |
| -                   | -                | -                                | -                 | 1,045,000            |
| -                   | -                | -                                | -                 | 966,681              |
| -                   | -                | -                                | -                 | 130,000              |
|                     | <u>\$ 51,330</u> |                                  | <u>\$ 380,000</u> | <u>\$ 18,352,630</u> |

## Notes Maturities - Notes Payable

June 30, 2004

Notes Payable

| Year Ending<br><u>June 30,</u> | MidAmerican Energy              |                                   |
|--------------------------------|---------------------------------|-----------------------------------|
|                                | <u>Issued July 1998</u>         |                                   |
|                                | <u>Interest</u><br><u>Rates</u> | <u>Total and</u><br><u>Amount</u> |
| 2005                           | 0.00%                           | \$ 15,000                         |
| 2006                           | 0.00%                           | 15,000                            |
| 2007                           | 0.00%                           | 15,000                            |
| 2008                           | 0.00%                           | 15,000                            |
| Total                          |                                 | <u>\$ 60,000</u>                  |

See accompanying independent auditor's report.

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the Last Two Years

|                                    | Modified Accrual Basis |                   |
|------------------------------------|------------------------|-------------------|
|                                    | 2004                   | 2003              |
| Revenues:                          |                        |                   |
| Property tax                       | \$ 9,245,696           | 9,225,579         |
| Tax increment financing revenue    | 793,770                | 929,184           |
| Other city tax                     | 2,187,327              | 1,899,524         |
| Licenses and permits               | 371,137                | 248,503           |
| Use of money and property          | 318,211                | 359,425           |
| Intergovernmental                  | 5,384,061              | 5,572,705         |
| Charges for service                | 1,006,126              | 1,124,480         |
| Special assessments                | 7,061                  | 5,255             |
| Miscellaneous                      | <u>1,158,090</u>       | <u>1,318,532</u>  |
| Total                              | <u>\$ 20,471,479</u>   | <u>20,683,187</u> |
| Expenditures:                      |                        |                   |
| Operating:                         |                        |                   |
| Public safety                      | \$ 5,365,446           | 5,461,031         |
| Public works                       | 3,534,608              | 3,884,687         |
| Health & social services           | 635,244                | 327,035           |
| Culture and recreation             | 2,410,541              | 2,872,845         |
| Community and economic development | 3,066,341              | 2,988,154         |
| General government                 | 1,358,687              | 1,356,574         |
| Debt service                       | 3,638,927              | 3,191,147         |
| Capital projects                   | <u>3,066,222</u>       | <u>2,096,862</u>  |
| Total                              | <u>\$ 23,076,016</u>   | <u>22,178,335</u> |

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2004

Schedule 10

| <u>Grantor/Program</u>                            | <u>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Program<br/>Expenditures</u> |
|---|------------------------|--|---------------------------------|
| Direct:   |                        |  |                                 |
| U.S. Department of Housing and Urban Development: |                        |  |                                 |
| Neighborhood Initiative Grant                     | 14.246                 | B-00NI-IA-FD-001                             | \$ 10,039                       |
| Economic Development Incentive                    | 14.246                 | B-03-SP-IA-0196                              | 353,713                         |
|   |                        |  | <u>363,752</u>                  |
| U.S. Environmental Protection Agency:             |                        |  |                                 |
| Brownsfield Assessments                           | 66.811                 | BP-99789301-0                                | <u>3,129</u>                    |
| U.S. Department of Transportation:                |                        |  |                                 |
| Federal Transit - Capital Improvement Grants      | 20.500                 | IA-03-0090-00                                | <u>188,554</u>                  |
| Airport Improvement Program                       | 20.106                 | 3-19-0035-17                                 | 145,552                         |
| Airport Improvement Program                       | 20.106                 | 3-19-0035-18                                 | 30,251                          |
|   |                        |  | <u>175,803</u>                  |
| Corporation for National and Community Service:   |                        |  |                                 |
| Foster Grandparents                               | 94.011                 | 025FNIA062                                   | <u>191,332</u>                  |
| Retired Senior Volunteer Program                  | 94.002                 | 025RNIA007                                   | <u>13,278</u>                   |
| U.S. Department of Justice:                       |                        |  |                                 |
| Local Law Enforcement Block Grants Program        | 16.592                 | 2002-LBBX-0987                               | 19,026                          |
| Local Law Enforcement Block Grants Program        | 16.592                 | 2001-LBBX-1041                               | 25,796                          |
|   |                        |  | <u>44,822</u>                   |
| Total Direct                                      |                        |  | <u>980,670</u>                  |
| Indirect:   |                        |  |                                 |
| Environmental Protection Agency:                  |                        |  |                                 |
| Iowa Department of Natural Resources:             |                        |  |                                 |
| State Revolving Loan Fund                         | 66.458                 | ---  | <u>664,880</u>                  |
| Department of Health and Human Services:          |                        |  |                                 |
| Elderbridge Agency on Aging:                      |                        |  |                                 |
| Congregate Meal Program                           | 93.045                 | ---  | <u>137,951</u>                  |
| Department of Housing and Urban Development:      |                        |  |                                 |
| Iowa Department of Economic Development           |                        |  |                                 |
| Community Development Block Grant                 | 14.228                 | ---  | <u>104,336</u>                  |

(continued)

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2004

Schedule 10

| <u>Grantor/Program (continued)</u>          | <u>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Program<br/>Expenditures</u> |
|---|------------------------|--|---------------------------------|
| Indirect (continued):                       |                        |  |                                 |
| Department of Education:                    |                        |  |                                 |
| Governor's Office of Drug Control Policy:   |                        |  |                                 |
| Safe & Drug-Free Schools & Communities      | 84.186                 | O3F-0437                                     | <u>10,810</u>                   |
| Department of Transportation:               |                        |  |                                 |
| Iowa Department of Transportation:          |                        |  |                                 |
| Transit Assistance Program                  | 20.509                 | 18-4024-269-04                               | <u>163,025</u>                  |
| Discretionary Capital Grant                 | 20.500                 | 03-0095-269-02                               | <u>86,307</u>                   |
| Highway Planning                            | 20.205                 | STP-U-2690(607)-70-94                        | 882,056                         |
| Highway Planning                            | 20.205                 | BROS-2690(606)-8J-94                         | <u>57,415</u>                   |
|   |                        |  | <u>939,471</u>                  |
| Department of Labor:                        |                        |  |                                 |
| Elderbridge Agency on Aging:                |                        |  |                                 |
| Senior Community Service Employment Program | 17.235                 | ---  | <u>7,912</u>                    |
| National Endowment for the Humanities:      |                        |  |                                 |
| Iowa State Library:                         |                        |  |                                 |
| LSTA Library Grant                          | 45.310                 | ---  | <u>1,838</u>                    |
| Total Indirect                              |                        |  | <u>2,116,530</u>                |
| Total                                       |                        |  | <u>\$ 3,097,200</u>             |

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Fort Dodge and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

## Schedule of Expenditures of State Awards

Year ended June 30, 2004

| <u>Grantor/Program</u>                                   | <u>Program<br/>Expenditures</u> |
|--|---------------------------------|
| Department of Transportation:                            |                                 |
| Airport Infrastructure CSVI-FOD(19)9(I)94                | \$ 52,685                       |
| Airport Infrastructure CSVI-FOD(20)9(I)94                | 59,673                          |
| Transit STA-FOCM-269-FY02                                | <u>133,392</u>                  |
|  | <u>245,750</u>                  |
| Department of Elder Affairs:                             |                                 |
| RSVP   | <u>14,795</u>                   |
| Library:   |                                 |
| Open Access Grant and Access Plus                        | 5,932                           |
| Enrich Iowa Grant  | <u>14,649</u>                   |
|  | <u>20,581</u>                   |
| Iowa Department of Economic Development:                 |                                 |
| Community Development Fund      2003-F320-001            | 14,977                          |
| CEBA Grant      04-CEBA-06                               | 350,000                         |
| Emergency Shelter      03-HES-05                         | 114,634                         |
| Community Attraction and Tourism Program      03-CAT-006 | <u>131,220</u>                  |
|  | <u>610,831</u>                  |
| Iowa Department of Natural Resources:                    |                                 |
| 01-458   | <u>36,216</u>                   |
| Total  | <u>\$ 928,173</u>               |

See accompanying independent auditor's report.

## Schedule of Passenger Facility Charges Collected and Expended

Year ended June 30, 2004

|  | Quarter<br>Ended<br><u>9-30-03</u> | Quarter<br>Ended<br><u>12-31-03</u> | Quarter<br>Ended<br><u>3-31-04</u> | Quarter<br>Ended<br><u>6-30-04</u> | Total<br>Period<br>Ended<br><u>6-30-04</u> |
|--|------------------------------------|-------------------------------------|------------------------------------|------------------------------------|--|
| Charges collected:                       |                                    |                                     |                                    |                                    |  |
| PFC revenue received                     | \$ <u>8,178</u>                    | <u>4,902</u>                        | <u>9,604</u>                       | <u>8,549</u>                       | <u>31,233</u>                              |
| Charges expended:                        |                                    |                                     |                                    |                                    |  |
| Expenditures on approved<br>PFC projects | \$ <u>50,222</u>                   | <u>5,478</u>                        | <u>1,589</u>                       | <u>9,134</u>                       | <u>66,423</u>                              |

See accompanying independent auditor's report.





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Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 9, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Fort Dodge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item IV-J-04 and IV-K-04.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Fort Dodge's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Fort Dodge and other parties to whom the City of Fort Dodge may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Fort Dodge during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

CORNWELL & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

December 9, 2004

Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the compliance of the City of Fort Dodge, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2004. The City of Fort Dodge's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Fort Dodge's management. Our responsibility is to express an opinion on the City of Fort Dodge's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Fort Dodge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Fort Dodge's compliance with those requirements.

In our opinion, the City of Fort Dodge complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

### Internal Control Over Compliance

The management of the City of Fort Dodge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Fort Dodge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we considered to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Fort Dodge and other parties to whom the City of Fort Dodge may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

CORNWELL & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

December 9, 2004

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2004

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Numbers 14.246 – Economic Development Incentive 66.458 – State Revolving Loan Fund and 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Fort Dodge did not qualify as a low-risk auditee.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part IV: Other Findings Related to Statutory Reporting:**

- IV-A-04 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- IV-B-04 Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.
- IV-C-04 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-D-04 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-04 Business Transactions – No business transactions between the City and City officials or employees were noted.
- IV-F-04 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-G-04 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. Although the claims paid were published per Chapter 372 of the Code of Iowa, they were not published timely.

Recommendation – The City should review their procedures to make sure paid claims are published timely.

Response – We will make sure paid claims are published timely.

Conclusion – Response accepted.

IV-H-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-I-04 Revenue Bonds and Notes – The City has complied with the revenue bond and note resolutions.

IV-J-04 Financial Condition – The Business Type Activities, Sewer Fund had a deficit fund balance of \$6,164,949 as of June 30, 2004.

Recommendation – The City should investigate alternatives to eliminate these deficits.

Response – As detailed in notes to financial statements, this deficit will be eliminated upon retroactive capitalization of all infrastructure.

Conclusion – Response accepted.



City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-K-04 Administrative Agency – It was noted that there may be some public funds held by an administrative agency of the City of Fort Dodge that are not accounted for, deposited or invested pursuant to Chapters 12B, 12C and 384.6 of the Code of Iowa.

Recommendation – The City should consult legal council for disposition of this matter.

Response – We have consulted with our City attorney and we are working on this matter.

Conclusion – Response accepted.